

Also, a bill (H. R. 15647) granting an increase of pension to Mary E. Peake; to the Committee on Invalid Pensions.

By Mr. MADDEN: A bill (H. R. 15648) for the relief of Bradley Sykes; to the Committee on Claims.

By Mr. MOORES of Indiana: A bill (H. R. 15649) granting a pension to Samuel W. Farmer; to the Committee on Invalid Pensions.

By Mr. PADGETT: A bill (H. R. 15650) granting a pension to Sarah Ann Cornwell; to the Committee on Pensions.

By Mr. PELL: A bill (H. R. 15651) granting an increase of pension to Helen T. Smith; to the Committee on Pensions.

By Mr. REED of New York: A bill (H. R. 15652) granting a pension to Jennie H. Squire; to the Committee on Invalid Pensions.

By Mr. SELLS: A bill (H. R. 15653) granting a pension to Nannie Merritt; to the Committee on Pensions.

Also, a bill (H. R. 15654) granting an increase of pension to William H. Martin; to the Committee on Pensions.

By Mr. STEPHENS of Ohio: A bill (H. R. 15655) for the relief of Morris Simons; to the Committee on Military Affairs.

By Mr. STRONG of Pennsylvania: A bill (H. R. 15656) granting a pension to Elizabeth A. Barclay; to the Committee on Invalid Pensions.

By Mr. ZIHLMAN: A bill (H. R. 15657) for the relief of Daniel R. Baker; to the Committee on Military Affairs.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4894. By Mr. CRAMTON: Protest of Rev. F. A. Roese, on behalf of 850 members of Zion Evangelical Church, of Mount Clemens; John Myer and 12 other citizens of Mount Clemens; and G. H. Voss and 3 other citizens of Bad Axe, all in the State of Michigan, against the presence of negro troops under French command in Germany; to the Committee on Foreign Affairs.

4895. By Mr. ELSTON: Petition of E. H. Liscum Camp urging extension of civil service to presidential appointments; to the Committee on Reform in the Civil Service.

4896. By Mr. FULLER: Petition of National Foreign Trade Council urging the full amount of money asked by Bureau of Foreign and Domestic Commerce be appropriated, viz, \$1,487,270; to the Committee on Appropriations.

4897. Also, petition of Chicago City Council favoring the metric system of weights and measures; to the Committee on Coinage, Weights, and Measures.

4898. By Mr. KELLEY of Michigan: Petition of Albert Orr and 34 other residents of Oakland County, Mich., in favor of the French "truth-in-fabric" bill; to the Committee on Interstate and Foreign Commerce.

4899. By Mr. KING: Petition of Columbia Club of Geneseo, Ill., favoring the Sheppard-Towner bill; to the Committee on Interstate and Foreign Commerce.

4900. By Mr. MURPHY: Memorial of Woman's Club of Martins Ferry, Ohio, protesting against the "water-power act" as it now stands, and would like it amended so that it shall not apply to national parks and monuments. They desire to go on record as heartily indorsing the congressional policy of the last 48 years for preserving national parks in a state of absolute nature; to the Committee on Water Power.

4901. By Mr. NEWTON of Missouri: Petition of 44 citizens of St. Louis, Mo., protesting against the passage of House bills 12078 and 12652, introduced by Mr. Fess; to the Committee on Education.

4902. By Mr. O'CONNELL: Petition of National Foreign Trade Council, urging the appropriation of the full amount of money asked by the Bureau of Foreign and Domestic Commerce, viz, \$1,487,270; to the Committee on Appropriations.

4903. Also, petition of International Association of Machinists, urging a \$240 bonus for navy yard employees; to the Committee on Naval Affairs.

4904. Also, petition of National Lodge of Machinists, urging a bonus of \$240 for navy yard employees; to the Committee on Naval Affairs.

4905. Also, conference of mayors and other city officials of the State of New York, urging the passage of a Federal daylight-saving law to be operative between May 1 and September 30; to the Committee on Interstate and Foreign Commerce.

4906. By Mr. STEPHENS of Ohio: Protest of the Janet Chocolate Co., Cincinnati, Ohio, against the adoption by the Ways and Means Committee of the House of the recommendation of the Secretary of the Treasury in the matter of the excise tax on candy; to the Committee on Ways and Means.

#### SENATE.

TUESDAY, January 11, 1921.

(Legislative day of Monday, January 10, 1921.)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ball	Hale	McLean	Sherman
Beckham	Harris	McNary	Smith, Ariz.
Borah	Harrison	Moses	Smith, Md.
Brandegee	Heflin	Nelson	Smith, S. C.
Capper	Henderson	New	Smoot
Colt	Johnson, Calif.	Norris	Sutherland
Culberson	Jones, Wash.	Overman	Swanson
Curtis	Kenyon	Page	Townsend
Dillingham	Keyes	Phelan	Trammell
Fernald	King	Phipps	Underwood
Fletcher	Knox	Poin Dexter	Wadsworth
France	La Follette	Pomerene	Walsh, Mass.
Frelinghuysen	Lenroot	Ransdell	Walsh, Mont.
Gay	McCumber	Robinson	Williams
Gronna	McKellar	Sheppard	Wolcott

Mr. SMITH of Arizona. I wish to announce that my colleague [Mr. ASHURST] is necessarily detained on important business. I ask that this announcement may stand for the day.

Mr. HARRISON. I wish to announce the absence of the Senator from Oregon [Mr. CHAMBERLAIN], the Senator from South Dakota [Mr. JOHNSON], and the Senator from Missouri [Mr. REED] on account of illness.

I was also requested to announce the absence of the Senator from Virginia [Mr. GLASS], the Senator from New Mexico [Mr. JONES], and the Senator from Nevada [Mr. PITTMAN] on official business.

The VICE PRESIDENT. Sixty Senators have answered to the roll call. There is a quorum present.

#### RESIGNATION OF SENATOR HARDING.

The VICE PRESIDENT. The Chair lays before the Senate a telegram, which will be read.

The Assistant Secretary read the telegram, as follows:

MARION, OHIO, January 10, 1921.

HON. THOMAS R. MARSHALL,  
Vice President of the United States and  
President of the Senate, Washington, D. C.:

I have this day sent my resignation as a Member of the United States Senate to the governor of Ohio.

WARREN G. HARDING.

#### PRESIDENTIAL APPROVAL.

A message from the President of the United States, by Mr. Sharkey, one of his secretaries, announced that the President had, on January 11, 1921, approved and signed the bill S. 3218, "An act for the relief of Martina Sena, Luis E. Armijo, and Maria Baca de Romero."

#### GOVERNMENT OF PHILIPPINE ISLANDS.

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read and referred to the Committee on the Philippines:

To the Senate and House of Representatives:

As required by section 19 of the act of Congress approved August 29, 1916, entitled "An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for those islands," I transmit herewith a set of act No. 2722, passed by the Fourth Philippine Legislature during its first session, together with laws and resolutions enacted during its second session, from October 16, 1917, to February 8, 1918, inclusive; its third session, from October 16, 1918, to February 8, 1919, inclusive; its special session of 1919, from March 1, 1919, to March 8, 1919, inclusive; and by the Fifth Philippine Legislature, first special session of 1919, from July 21, 1919, to July 26, 1919, inclusive; its first session, from October 16, 1919, to February 9, 1920, inclusive; and its special session of 1920, from February 25, 1920, to March 6, 1920, inclusive.

These acts and resolutions have not previously been transmitted to Congress, and it is therefore recommended that they be printed as public documents as heretofore.

WOODROW WILSON.

THE WHITE HOUSE,  
10 January, 1921.

#### TRANSMISSION OF ELECTORAL VOTES.

The VICE PRESIDENT. The Chair will make an announcement concerning a matter which is none of the Chair's business,



but the messengers from the various electoral colleges are bringing in the votes of the several States to the Vice President. The Chair is informed by the disbursing officer that no arrangement has been made to pay the fees provided by law for those messengers. It may be that they do not care whether or not they receive any compensation, but the Chair has a fellow feeling for those to whom any money is now due. The Chair makes that statement.

#### PETITIONS AND MEMORIALS.

The VICE PRESIDENT. The Chair will have noted in the Record a letter from Mr. F. W. Galbraith, jr., national commander of the American Legion, transmitting a memorial touching upon the situation which surrounds the rehabilitation of disabled ex-service men and suggesting a remedy. It will be referred to the Committee on Military Affairs.

Mr. MOSES presented a resolution adopted by the Dartmouth Scientific Association, of Dartmouth College, Hanover, N. H., in favor of the admission of scientific apparatus to the United States without a duty charge, which was referred to the Committee on Finance.

Mr. CAPPER presented a resolution adopted by the International Farm Congress at its annual convention held in Kansas City, Mo., in favor of adequate appropriations to continue the present investigations by the Department of Agriculture of new menaces in the form of plant and animal diseases, which was referred to the Committee on Agriculture and Forestry.

Mr. SMITH of Maryland presented a petition of the State council of Maryland, Daughters of America, praying for the passage of the so-called Johnson immigration bill, being House bill 14461, which was referred to the Committee on Immigration.

#### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ROBINSON:

A bill (S. 4817) for the protection of persons employed on railway baggage cars and railway express cars; to the Committee on Interstate Commerce.

By Mr. WALSH of Massachusetts:

A bill (S. 4818) to amend section 4076 of the Revised Statutes as amended; to the Committee on the Judiciary.

By Mr. HALE:

A bill (S. 4819) granting an increase of pension to Arthur L. Manchester (with accompanying papers); to the Committee on Pensions.

Mr. JONES of Washington. I introduce a bill, sent to me by the chairman of the Board of Commissioners of the District of Columbia, for proper reading and reference.

By Mr. JONES of Washington:

A bill (S. 4820) to further regulate certain public service corporations operating within the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. ELKINS:

A bill (S. 4821) granting an increase of pension to James Forsyth Harrison; to the Committee on Pensions.

By Mr. CAPPER:

A bill (S. 4822) to amend an act entitled "An act granting to the State of Kansas the abandoned Fort Hays Military Reservation, in said State, for the purpose of establishing an experiment station of the Kansas State Agricultural College and a western branch of the State Normal School thereon, and for a public park," approved March 28, 1900, as amended; to the Committee on Agriculture and Forestry.

By Mr. CALDER:

A bill (S. 4823) to amend section 1 of the act entitled "An act relating to the Metropolitan police of the District of Columbia," approved February 28, 1901, as amended; to the Committee on the District of Columbia.

By Mr. GAY:

A bill (S. 4824) for the relief of I. C. Johnson, jr.; to the Committee on Naval Affairs.

By Mr. JONES of Washington:

A bill (S. 4825) to extend the time for the construction of a bridge across the Columbia River, between the States of Oregon and Washington, at or within 2 miles westerly from Cascade Locks, in the State of Oregon; to the Committee on Commerce.

By Mr. NEW (for Mr. LODGE):

A bill (S. 4826) to amend section 5 of the act entitled "An act to incorporate the American National Red Cross," approved January 5, 1905; to the Committee on Foreign Relations.

#### EXPENSES OF PRESIDENTIAL ELECTORS.

Mr. WARREN. I ask permission to bring before the Senate a joint resolution on a rather important matter. The electoral votes for President and Vice President under the law are

brought to the Capitol and delivered to the Vice President by a committee of electors from each State, and under the law there is a certain payment of mileage, one way, I believe it is, for their services. I understand that two or three of the electors' committeemen are already here. For that matter, the time has already arrived for those reports to be delivered, although it will extend on over a week or two or more. There being no appropriation for this purpose and there being no appropriation measure before us that would pass early enough to cover the matter properly, I report a joint resolution for this purpose from the Committee on Appropriations, and I ask for its present consideration.

The joint resolution (S. J. Res. 244) providing for the payment of expenses of conveying votes of electors for President and Vice President was read the first time by its title, the second time at length, and considered as in Committee of the Whole, as follows:

*Resolved, etc.,* That for the payment of the messengers of the respective States for conveying to the seat of government the votes of the electors of said States for President and Vice President of the United States, at the rate of 25 cents per every mile of the estimated distance by the most usual roads traveled from the place of meeting of the electors to the seat of government of the United States computed for one distance only, there is appropriated out of any money in the Treasury not otherwise appropriated the sum of \$14,000, or so much thereof as may be necessary.

The joint resolution was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### AMENDMENT TO EMERGENCY TARIFF BILL.

Mr. JONES of Washington submitted an amendment intended to be proposed by him to House bill 15275, the emergency tariff bill, which was referred to the Committee on Finance and ordered to be printed.

#### AMENDMENT TO SUNDRY CIVIL APPROPRIATION BILL.

Mr. SHEPPARD submitted an amendment proposing to appropriate \$356,700 for purchase of 2,000 acres of land adjoining and to the east of the present military reservation at Fort Bliss, Tex., intended to be proposed by him to the sundry civil appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

#### FIRE IN COMMERCE DEPARTMENT BUILDING.

Mr. SMOOT. Mr. President, the morning press announces that there was a disastrous fire in the basement of the Commerce Department Building, destroying valuable census data covering many, many years past. This is the fifth fire of late in the departments of the Government. A few weeks ago I asked that an investigation be made as to the origin of the four fires which had taken place before the recent one. If reports are true, these fires were started by employees carelessly throwing down a lighted cigarette stub.

I do not know what was the origin of yesterday's fire; it is not stated in the press, and I have not had time to inquire, but it seems to me the time has arrived when there should be an order made in all the departments that while employees are at work smoking shall be prohibited.

I am going to ask for an investigation as to the cause of the fire, because the recent fire occurred in what was supposed to be a fireproof vault; in fact, just about as good a vault as we have for any of our records. I can not conceive of a fire starting in such a place unless it came from carelessness on the part of an employee, and more than likely from a lighted cigarette stub.

I might say that I think while men are in the service and working for the Government they should, at least, be prohibited from smoking during working hours.

Mr. POINDEXTER. Mr. President, in reference to the statement made by the Senator from Utah [Mr. Smoot], I desire to say that I have not examined into the circumstances of the fire to which he referred, but I notice in the headlines of the Washington Herald this statement:

Census Data of 120 Years Ruined by Fire and Water. Irreplaceable Records Stored in Basement of Commerce Building Destroyed.

In addition to the lesson which the Senator from Utah has drawn from this occurrence against the smoking of cigarettes, and his suggestion that there be a place provided by the Government where the cigarette stubs may be placed and regulations as to when smoking may be indulged in, I wish also to suggest another lesson that may be drawn from it, and that is the advisability of the Government constructing an archives building for storing its irreplaceable records that have been accumulating for 150 years.

In 1914, now more than six years ago, Congress passed an act authorizing the construction of a fireproof archives building, where the invaluable records of the various departments not



only might be stored secure from destruction by fire and water, but where they could be scientifically arranged and made available for the use of those to whom their use is valuable; but notwithstanding that authorization, under which the Government was empowered to acquire the property and to construct the building, and notwithstanding the fact that a preliminary appropriation for the drawing of plans has been made by Congress, and that the necessary appropriation has been estimated for by the Secretary of the Treasury from year to year, Congress has failed to make the appropriation; and I presume that records of several times the value of such a building, if it had been constructed within a reasonable time after Congress had authorized it—which, in my opinion, is equivalent to a direction—have been destroyed since the authorization went into effect.

I should like to call this matter to the attention of the chairman of the Committee on Appropriations of the Senate and to the attention of the Senator from Utah, who is a member of the Appropriations Committee, and I express the wish, that, in the interest of economy, in the interest of the preservation of the records of the Government, whose value to the American people can not be estimated in money, at least a preliminary appropriation be provided for the project of an archives building for the Government of the United States, which stands almost alone among the civilized Governments of the world in being without a properly equipped and modern building for the storage of its archives.

Mr. SMOOT. Mr. President, I will say to the Senator from Washington that not three weeks ago I called the attention of the Senate to this very subject matter. Not only would the erection of an archives building by the Government take care of the public records which are of such immense value to the country, but it would release space in the public buildings now occupied by such records, and would take care of all the employees who are now stationed in privately owned buildings in the District of Columbia. I repeat, that by the erection of such an archives building we would not only have a storage place which would secure the safety of the records, but we would release just that much space which could be utilized to advantage by Government employees, and thereby eliminate some of the high rent that is paid by the Government for privately owned buildings in the District.

#### CHAPLAINS IN PUBLIC HEALTH SERVICE.

Mr. McLEAN. Mr. President, I should like to call the attention of the Senate to several protests I have received against the action of the Secretary of the Treasury in removing the chaplains from the Public Health Service hospitals, where many wounded ex-service men are confined. I communicated these protests to the Secretary and have received a reply. It is very brief, and I should like to read it into the RECORD:

TREASURY DEPARTMENT,  
OFFICE OF ASSISTANT SECRETARY,  
Washington, January 10, 1921.

HON. GEORGE P. McLEAN,  
United States Senate.

MY DEAR SENATOR: By direction of the Secretary, I beg to acknowledge receipt of your letter of January 8, 1921, inclosing telegrams from W. B. McCarthy, Milford, Conn., and Charles E. Lockhart, commander of New Haven Post, No. 47, of the American Legion. The telegrams are returned herewith.

The department is without authority under existing law to continue the employment of chaplains in the Public Health Service. There is no appropriation from which their salaries may properly be paid. It is, therefore, with great regret that steps were taken by the department looking to the discontinuance of their service.

The work which they have done in Public Health Service hospitals in ministering to the spiritual welfare of disabled ex-service patients can not be overestimated. Their service in this respect has been splendid and in every way commendable. Unfortunately, the department is not authorized to provide for this service to its patients at the expense of the Federal Government. It is my personal belief that the churches and religious organizations of the Nation would be proud of the privilege and glad of the opportunity to continue their ministrations to these wounded and suffering veterans of the war without reimbursement by the Federal Government.

Thanking you for letting me see the two telegrams, believe me,  
Sincerely, yours,

EWING LAPORTE,  
Assistant Secretary of the Treasury.

In putting this letter into the RECORD, I do not mean to imply that I agree with the conclusion reached by the Secretary of the Treasury. It seems to me that the service ought to be continued, and if it is not continued by the churches that some means should be found whereby the chaplains could receive remuneration from the Government.

#### ATMOSPHERIC NITROGEN.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 3390) to provide further for the national defense; to establish a self-sustaining Federal agency for the manufacture, production, and development of the prod-

ucts of atmospheric nitrogen for military, experimental, and other purposes; to provide research laboratories and experimental plants for the development of fixed-nitrogen production, and for other purposes.

Mr. GRONNA. Mr. President, the question before the Senate, as I understand, is the motion of the Senator from Wisconsin [Mr. LENROOT] to recommit the nitrate bill to the Committee on Agriculture and Forestry. The friends of the measure feel that the recommitment of the bill at this time would mean the ultimate defeat of the proposed legislation at this session.

The pending bill has been before the Senate for some considerable time and amendments have been suggested to it by many Senators. I wish to take the time of the Senate for only a few moments, and I hope I may have the attention of Senators while doing so. I wish to suggest certain amendments to the bill. I might say that I am reasonably sure that these proposed amendments, or, at least, their substance, will be adopted, providing the vote to recommit the bill does not carry.

On page 1 of the bill, line 3, I suggest that the words "Secretary of War" be stricken out and the word "President" be inserted. That would place the corporation under the absolute control of the President of the United States.

On page 3, lines 23 and 24, I propose to strike out the words "Secretary of War" wherever they are found and to insert the word "President."

The Senator from South Carolina and the Senator from Georgia have offered amendments which would come in on page 5, at the end of subsection (d), so that the consumers of fertilizer would be given the preference to purchase from the corporation.

On page 6, I suggest an amendment on line 11, after the word "act," to strike out the period and to insert a colon and the following—and to this amendment I wish to call the attention of the Senator from New York, because I know that he objects to the language now found in the bill:

*Provided*, That the language of this act shall not be construed so as to authorize the corporation to exercise the power of condemnation vested in the President by the act of June 3, 1916, known as the national defense act.

That, I believe, would obviate the objection of the Senator from New York.

Then, on page 7, in line 19, I propose to strike out the words "Secretary of War" and insert the word "President," and on the same page, in line 23, after the word "properties," to insert the following:

not used or needed for the purposes named herein: *Provided*, That no lease or contract shall be made for a period longer than 50 years or on terms that will prevent the cancellation of said lease or contract when it interferes with the manufacture of explosives or fertilizers.

Then strike out the remainder of the paragraph. I will read the language proposed to be stricken out. It is as follows:

In the operation, maintenance, and development of the plants purchased or acquired under this act the corporation shall be free from the limitations or restrictions imposed by the act of June 3, 1916, and shall be subject only to the limitations and restrictions of this act.

Then, on page 12, line 3, after the word "the," I propose to strike out the words "Secretary of War" and insert the word "President," and on the same page, in line 10, after the word "prescribe," to insert "*Provided*, That no officer so appointed shall receive two salaries."

There has been criticism—and, of course, justly so—in reference to the question of anyone in the employ of the Government receiving two salaries. If an officer is in the employ of the Government part of the time and in the employ of a corporation such as proposed to be created under this bill part of the time, it goes without saying that only one salary should be paid.

Mr. President, if the motion of the Senator from Wisconsin [Mr. LENROOT] does not carry—and I hope it will not carry, because I feel that this measure should be disposed of in one way or the other—I wish to repeat that I am reasonably sure that the amendments which I have suggested will be adopted, perhaps not in the form in which I have submitted them, but in an improved form.

Mr. President, we have given this question a great deal of time; it is of vast importance to the American people. It is not fair to assume that it is only a certain section of this country that is interested in this proposed legislation, for there is not a State in the Union where the farmers do not need more fertilizer than can be had at a reasonable figure to-day. To say that for the Government of the United States to manufacture a small amount of commercial fertilizer will interfere with private business is not the fact.

The State which I, in part, have the honor to represent is not using any of this commercial fertilizer to-day; but let me say to you, Senators, that if commercial fertilizer could be obtained at a reasonable price we would use it, and instead of getting



5 or 6 bushels of wheat to the acre—and that is about the yield in the spring-wheat States—that would be doubled and trebled.

Mr. President, we cultivate in the spring-wheat States in the neighborhood of 20,000,000 acres, and when you consider that some years we produce less than 200,000,000 bushels—from 180,000,000 to 225,000,000 bushels—you can readily see the tremendously low average. We cultivate in the United States some 60,000,000 acres of wheat, winter wheat and spring wheat, and when you consider this year's production of 788,000,000 or 790,000,000 bushels, you can readily see that the average of production is tremendously low.

Mr. OVERMAN. Mr. President, I am astonished to hear that the average is only 5 bushels to the acre. What was the average 20 years ago?

Mr. GRONNA. Twenty years ago it was all the way from 15 to 30 bushels to the acre.

Mr. OVERMAN. So, really, your land has been exhausted by continuous cultivation?

Mr. GRONNA. It has been, as the farmers say, worn out. It needs fertilizer; and the grain farmers need this fertilizer just as much as the people of the South need it for cotton or for the production of vegetables.

Mr. President, the farmers of the country are greatly discouraged over conditions as they exist to-day. They have very good reason to be discouraged, because in nearly every line of agriculture the farmer does not receive more than from 40 to 50 per cent of the cost of his products. That is absolutely true. You may say, "What has that to do with this question?" It has this to do with it: It costs as much to plow an acre of ground that produces 6 bushels to the acre as it does to plow one that produces 18 or 20 bushels to the acre, and you can follow that clear down the line. Instead of expending all this energy upon the farm in cultivating this tremendously large area you can cut it down to one-half and still produce more than we are producing to-day. This applies to all the products of the soil.

Mr. President, I feel that the Members of this body should have an opportunity to vote upon this question at as early a time as possible. Those who are friends of the farmer recognize that there is merit in this legislation, both from an economic standpoint and from the standpoint which I mentioned the other day, and I repeat it, that untold millions would be saved to the people of this country if we could secure this product. It is absolutely necessary. It is so necessary that in my State and in the State of the Senator from South Dakota and other States, in order to secure nitrogen from the air, some years we do not raise a crop, but give the land constant cultivation so as to give it an opportunity to get some nitrogen from the air. That, however, is an expensive method. It simply means that it takes two years to raise one crop.

I stated the other day that from my point of view I should be willing to expend a great deal of money if it were possible to minimize war. I believe that this is the beginning, and the right beginning; that the Government of the United States itself shall produce the explosives used for military purposes, because those explosives are used only for destruction, and there ought to be no profit to any individual or any corporation upon any material of that sort used to destroy human life.

Mr. President, I have conferred with men whom I believe to be good lawyers, and I have been told that if the amendments are adopted which I have suggested, but which, of course, I can not offer at this time, because a motion is pending, there could be no possibility of the corporation usurping undue power, as has been suggested by some of the Senators on this floor.

I am sure every Senator here knows that I have no interest in this measure except from the same standpoint that the other Senators have, and that is the standpoint of the common good. I ask those of you who have given this question study and those of you who have not had the time to give it the study that has been given to it by the members of the committee at least to give us an opportunity to have a vote upon these amendments and upon the bill in the Senate.

Mr. POMERENE. Mr. President, it is with very great regret that I shall be obliged to vote to recommit the bill. I have looked upon this subject with a good deal of enthusiasm. When the Senator from South Carolina [Mr. SMITH] presented his amendment which provided the original appropriation of \$20,000,000, I thought then that it was a move in the right direction, and I still think something can be done that is going to make this great water power available for humanity.

I share the opinion of the Senator from North Dakota [Mr. GRONNA] that we need more fertilizer for our farmers. The records are full of testimony as to the value of fertilizers for the production of farm products, and particularly wheat and cotton. I congratulate our friends from the South that they are using fertilizer more extensively than they did years ago, and I express very great regret that the farmers in the North-

west have not long before this learned the lesson which has been so profitable to the farmers in the South. They will learn it. They will be compelled to learn it.

The problem on the farm now is more mule and man power. The best way to get along with a given quantity of mule and man power is to increase the amount of fertilizer. No farmer who does his own work is so poor that he can not afford to buy fertilizer. If he has three men employed on his farm to do the manual work, it would be better for him to have two men on the farm and apply the expense of the third one to the purchase of fertilizer.

Mr. STANLEY. Mr. President, will the Senator yield?

Mr. POMERENE. I yield.

Mr. STANLEY. If the farmers of the West learned that lesson and used fertilizer to the same extent that they are using it, say, in Georgia, where would they get the fertilizer?

Mr. POMERENE. I will come to that in just a moment, if the Senator will permit me, in my own way.

A good deal of opposition has developed to this bill in its present form, and I want to be perfectly frank when I discuss that branch of the subject. A number of people from my own State have written me opposing this bill, and have said that we have enough fertilizer in this country now. I replied taking issue with them, as I always shall take issue with propositions such as that, by calling attention to the enormous amount of importations that we have had from Chile during the last few years.

In 1914 we imported, in round figures, 564,000 tons of Chilean nitrate of soda; in 1915 we imported 577,000 tons; in 1916 we imported 1,071,000 tons; in 1917 we imported 1,261,000 tons; in 1918 we imported 1,607,000 tons; in 1919 we imported 1,346,000 tons; and paid to the Chilean Government not only excessive prices for this nitrate of soda, but paid them their export duty as well.

Mr. SMITH of South Carolina. Mr. President, if the Senator from Ohio will allow me, it is only a part of the story, when we confine ourselves strictly to this nitrogenous product. That is almost duplicated in the importation of tankage and blood from South and Central America, particularly Argentina.

Mr. POMERENE. I thank the Senator; but I simply wanted to indicate that we are not producing as much fertilizer in this country as we ought.

Mr. SMITH of South Carolina. Yes; and my remarks were to reinforce that idea by stating that not only do these great imports come from that country but there are imports from other places.

Mr. POMERENE. Yes; I recognize that; and I take no exception to the interruption at all.

Now, some of these gentlemen come here with the proposition that we are about to produce sulphate of ammonia from the by-products of the coke ovens and that we are going to interfere with that branch of an American industry. Mr. President, I have not been able to give to this bill the attention I would like to, but I am of the opinion that when the farmers begin to understand the necessity of using a greater amount of fertilizer we will use the entire product of the coke ovens as well as of this plant which is under discussion now, and we can do it with very great profit.

But my distinguished friend the Senator from Alabama [Mr. UNDERWOOD], in his very eloquent argument of yesterday, expressed his opposition to referring this bill back to the committee, stating that that meant its death. Mr. President, there are 16 Senators on that committee. They are men who are very much interested in this subject. They have either had full hearings which satisfy their minds or they have not had full hearings. If they have had full hearings which satisfy their minds as to the course they should take, it is not going to require much time for them to present a report and give to the Senate the consensus of their views. If they have not had full hearings, then they owe it to the Senate and to the country to have full hearings, so that they can come to me with a report which I can sit down and read and study and try to come to some conclusion which will satisfy my own mind.

My good friend the junior Senator from Georgia [Mr. HARRIS] on yesterday lined up those of us who were insisting on sending this back to the committee with the fertilizer trust. He did not quite mean that; but permit me to say to him that not every one who says "Lord, Lord," shall enter the kingdom of heaven, and it is not everyone who boasts of his friendship for the farmer who is befriending the farmer. Before I vote for this bill I want to know if it is fertilizer I am handing to the farmer or a gold brick; and in the present state of my mind I do not know whether it is fertilizer or a gold brick the Senate is about to hand to the farmer.

Mr. President, originally twenty millions of money was enough for this plant. I find, as a matter of fact, that up to date nearly one hundred millions have been expended, and now this



bill seeks to appropriate \$12,500,000 more to provide some additions to the plant whereby they can manufacture sulphate of ammonia.

But it has developed during the debate that the fertilizer at this plant can only be profitably produced by the aid of the water power, and I find that they have developed a steam plant there now with 120,000 horsepower, which is only to be used in emergency, so it was said in the first place, when the water power was low. But now the plan which is contemplated is that we shall make this fertilizer by steam power, at least until the dam is completed. In other words, the friends of this measure want us to produce sulphate of ammonia at a loss for two or three years, until the water power can be completed, and we are told that the estimates of the department are that it will cost \$43,000,000 to complete this water-power scheme.

If we are to spend twelve million and a half ultimately for emergency purposes and are to operate this plant by steam power at a loss for three years, I prefer to vote for the forty-three million now with which to complete the dam.

Mr. STANLEY. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Kentucky?

Mr. POMERENE. I yield.

Mr. STANLEY. The statement has been made repeatedly that it was developed at the hearings that sulphate of ammonia would be produced at a loss by steam power. Expert after expert has given in these same hearings, which I am sure the Senator from Ohio has overlooked, detailed statements of the cost of producing sulphate of ammonia by steam, including the royalties and every other detail, and all of them except Mr. Washburn, who has a direct interest, put it at \$58, and a ton of sulphate of ammonia is now worth \$70.

Mr. POMERENE. Mr. President, I recognize that there is more confusion in that record than there was confusion of tongues at the Tower of Babel, and I would like to have the committee interpret it, so that we may know what the truth is.

Mr. KING. Mr. President, as I read the record, it is conceded by the proponents of the measure, at least some of them, that \$3,000,000 of this \$12,500,000 is available for, and it is expected it will be used to meet, the losses incident to the operation of the plant until water power is generated.

Mr. POMERENE. I want to say that if the estimate of the cost which has been given by these experts is no more reliable than the estimates of the cost of the construction of the plant, then there is no confidence to be placed in anything they may say.

Mr. President, in going over this record last night I found that some of the experts of the War Department are of the opinion that cyanamid is a good fertilizer in its, shall I say, raw state. Others say not. The Secretary of War himself says he went to the plant and found that they had planted certain plats of ground, on one of which they used cyanamid as a fertilizer, on another sulphate of ammonia, and on another some other fertilizer, the name of which escapes me at this minute; and he expressed the opinion that while that plat on which the cyanamid was used was better than the plat on which there was no fertilizer used, it was not nearly so good as the plats on which other fertilizers were used. So that we are confronted in the first instance with a question from the Secretary of War as to the profitability of this kind of fertilizer.

But let us go on further with this, and see what the situation is. Already there is the investment of a hundred million dollars. Under the bill as it was presented here and reported out by the committee they do not provide for any capital stock to represent this investment, but they say that the stock shall be no-par stock, and not a word is said as to the number of shares of this no-par stock which shall represent the value of this plant. I have not heard anyone say what this plant would cost if we were to attempt to rebuild it now from the ground up. I do not know what that investment is.

Mr. KING. Mr. President, there is testimony in the record to the effect that this plant now could be produced for substantially \$15,000,000. I have not any doubt in the world that this plant, and perhaps a better one, within the next year or two can be reproduced for that amount.

Mr. POMERENE. Mr. President, I understand Mr. Washburn's company built this plant, and the Government paid him a million dollars. It is fair to say that he called attention to the fact that he must pay out of that the Federal tax, and that they would not have very much left. But he built it, none the less. Before that there was a smaller plant built in which they used the Haber process, costing three or four million dollars. It was built for experimental purposes. Mr. Washburn built the cyanamid mill No. 2. It was the one which was going to use his process.

Mr. President, a question has been raised as to the relative value of these two processes. The Senator from Kentucky [Mr. STANLEY] is clearly of the opinion that the cyanamid process is the best, and the reason he gives for that, in part, is this: There are more cyanamid mills than there are Haber process mills.

The Senator from New York [Mr. WADSWORTH] says that there is a large company in his own State which uses the Haber process, and, as they are investing their own dollars, it may be assumed that they have confidence in their project.

Mr. Washburn says that, while he used the cyanamid process, he has come to the conclusion now that he can not make cyanamid and compete with the by-products which come from the by-product coke ovens.

I do not say that is true; I do not know whether that is true or not. But I would not invest a hundred dollars of my own money in a proposition of this kind unless I knew something about it, and I dare say that there is no Senator on this floor who would invest his own money in a proposition of this kind with the present state of the record.

Mr. President, a lot of these fertilizer companies come with their representatives and say, "You must not interfere with private enterprise; it is wrong." They are asking us as the representatives of the people to scrap a hundred million dollar plant; for whose benefit? For their own. It seems to me they would be ashamed to come here with a proposition of that kind, I am willing to receive light from all sources, but what I want is light. I want to know whether, when we build this fertilizer plant, we are giving the farmer a pig in a poke. I do not know that. I have not yet had it demonstrated, at least to my satisfaction, that anyone knows very definitely.

More than that, last night in going over the record I was a good deal interested in some statements made by Mr. Washburn. Bear in mind, please, that he built the cyanamid plant, but he tells us that while the Government has the privilege under the contract to make the nitrates for explosive purposes, it has no right at all to make the nitrate for fertilizer purposes. In the first place, he says that the Air Nitrates Corporation have a right under their contract to buy the plant. On page 121 he says that they have the right to buy the plant under as favorable terms—and this is the exact language—"as the Government is willing to accept for it." Later on he says:

The Government acknowledges the ownership of the patents by the American Cyanamid Co., and that company licenses the operation of the plants, under specific patents indicated by number, date, and title. The company's patents covering the manufacture and use of cyanamid fertilizer, phosphoric acid, or any of its processes, including the electric furnace phosphate process and ammonium phosphate, are not included in those for which rights are given.

Further on he says:

Sixth and the last thing. The American Cyanamid Co. is to receive royalties at the one rate before the 1st of June, 1921, and at another rate afterwards; it is to receive a royalty per unit of nitrogen produced of six-tenths of 1 cent per pound of nitrogen to June 1, 1921, and 1½ cents thereafter; but should either party become dissatisfied after the 1st of June, 1921, with the 1½ cents fixed he may appeal to arbitration.

I have already related to you the nature of the negotiations, and that I believed it to be the purpose of the negotiators on the part of the Government to go just as far as they could to save these great plants becoming the engines of our own destruction. And when you consider the bald fact that as we stand here to-day everything we received from the Government has profited us nothing—and of that we do not complain; that is as we wanted it. I have letters here addressed to the Government showing that we did not want any profit; but we did want protection after the war was over. And now the Government itself proposes to go into competition with us, and whatever the incentive, it is suggested by the gentlemen who have charge of this that they shall make cyanamid and sell it to our customers.

I shall not take the time to read the rest of it, but the American Cyanamid Co. are clearly taking the position that the Government does not have the right to make cyanamid for fertilizer purposes under its contract.

Mr. WOLCOTT. Mr. President—

The PRESIDING OFFICER (Mr. JOHNSON of California in the chair). Does the Senator from Ohio yield to the Senator from Delaware?

Mr. POMERENE. Certainly.

Mr. WOLCOTT. I did not hear all of what the Senator read. Is the position of the American Cyanamid Co. predicated on the terms of the contract entered into?

Mr. POMERENE. Yes; on the terms of the contract.

Mr. WOLCOTT. I would call this to the Senator's attention, bearing on the same subject: I have a recollection, which is somewhat distinct, that it appears somewhere in the hearings that the same witness, Washburn, testified that the Government did not have a right to manufacture cyanamid for fertilizer purposes for another reason, which is that the process used in that plant is bottomed on patents and patent rights owned by the American Cyanamid Co., which have been assigned or licensed to the Government only for the manufacture of nitrate for military purposes, and for the Government to go beyond



that purpose in the manufacture for fertilizer purposes would be practically a confiscation of their patent rights. I think there is some such testimony.

Mr. POMERENE. I have not had the time to read all of the testimony, but in the part which I have read I gained something of the same impression as the Senator from Delaware.

I have called the attention of the Senate to these facts to indicate the uncertain state of the record. I do not think the Senate is desirous of passing legislation of this kind, making an appropriation of a large amount, until we know what our rights are under the contract and under the patent. It seems to me we should also know the present state of the art. It seems to me that if the process can not be used profitably the Government should not take up the process. I am not sure that it can not be used profitably. I am not content with Washburn's testimony. I am told, though I have not read that part of the record, that in one place at one time he said that the sulphate of ammonia could be produced at \$17 a ton and at another time he said \$70 a ton. When he is asked by the distinguished chairman of the committee as to the value of the plant, he says, with regard to the child of his own brain and his own hand, that it could not be sold at any price.

I was delighted to know that the Congress of the United States had taken steps to harness up the water power that has been going to waste all these years. I want it for the benefit of the community, for the benefit of humanity, but in view of the record of the building of this plant I want some definite information about it. It is the duty of the committee, it seems to me, to give us that information, or at least the benefit of the consensus of their views.

Mr. POINDEXTER. Mr. President—

Mr. POMERENE. I yield to the Senator from Washington.

Mr. POINDEXTER. I understand the Senator to say that Mr. Washburn, who constructed the plant, had said that it could not be sold at any price.

Mr. POMERENE. That is the statement made by the distinguished chairman of the Committee on Agriculture and Forestry.

Mr. POINDEXTER. That would tend, then, to indicate that it was of no value to anyone; otherwise, I assume that some one would be willing to pay its value.

Mr. POMERENE. The construction I have placed upon the statement is that would be true if it came from an unbiased witness.

Mr. GRONNA. Mr. President—

Mr. POINDEXTER. I am not informed sufficiently to weigh the value of this testimony. I am just taking it for what it is worth. I should like to ask the Senator from Ohio, if the Senator from North Dakota will pardon me just a moment, if the testimony is reliable and valuable and we assume here that the plant is of no value to anyone as shown by the fact that no one is willing to pay anything for it, how can the Government make anything out of it? How is it of value to the Government if it is of no value to anyone else?

Mr. POMERENE. The Senator's question is just the identical question that has been in my mind. I want the judgment of the committee upon that proposition, among others.

Mr. GRONNA. Mr. President—

Mr. POMERENE. I yield to the Senator from North Dakota. Mr. GRONNA. I have tried to be fair with those who opposed the bill before the committee. I wish to say that Mr. Washburn stated most emphatically that this was a very valuable plant, a complete plant—I think that is his exact language—but that it could not be sold, as the Senator from Ohio stated, for anything at this particular time. The report of the committee which examined the plant shows, and the same committee visited all the European countries and made the report, that nowhere could a more complete plant be found than the No. 2 plant built by the Air Nitrates Corporation or by Mr. Washburn.

Mr. POMERENE. I think the chairman has pretty accurately stated the testimony in that behalf. I wish it distinctly understood that it is not in a spirit of opposition to the plant that I am going to support the motion to recommit, but it is because I feel that the American people are entitled to exact information upon the subject before we go further.

I have little sympathy with those criticisms which point to sectionalism in the location of the plant. In my judgment, with the information I now have, it is the best possible location in the United States. I would like if the matter could be so arranged, under some scheme, after a careful study by the committee, as to have the work go on with the hope that we can salvage at least a part of the money we now have in the plant and turn it to use on the part of the farming community. That is all I care to say.

Mr. SMOOT. Mr. President, I had expected to speak at length on the pending bill, but I know that the Senate would like to vote to-day upon the motion to recommit it to the Committee on Agriculture and Forestry, and I sincerely hope that that will be done. The discussion has already disclosed the fact that the pending measure is not a fertilizer bill. Since I have been a Member of the Senate I have never seen a measure in connection with which there has been so much camouflage as there has been in reference to the pending bill. It is a water-power bill pure and simple, and I think, if I desired to take the time of the Senate now—and if the bill is not recommitment I may do so later—I could prove beyond a doubt that that is the fact. If the Senate wishes to appropriate \$140,000,000 in order to develop water power at Muscle Shoals, that is one question; but do not let the proposition be based on the representation that the main reason for such action is that it is going to make fertilizer cheap for the farmer. There is nothing in that contention, Senators.

When we vote for the bill we shall simply vote for the establishment of water power at Muscle Shoals, and that water power will either be leased by the Government of the United States to private individuals, or else the Government of the United States will lose not only what money it has put into the project but whatever appropriation it intends to make for the purpose under the provisions of the pending bill.

Mr. FLETCHER. If I may ask the Senator from Utah a question, I desire to ask whether in the development of water power the improvement of the navigation of the river would not be a part of the scheme?

Mr. SMOOT. The question is far-fetched. Navigation is such an unrelated matter that it ought not even to be mentioned in this connection. As a matter of fact, it would be impossible to get any engineer to consider that subject as bearing upon the bill.

Mr. SMITH of South Carolina. May I ask the Senator from Utah a question?

Mr. SMOOT. Let me answer the question of the Senator from Florida, and then I will yield to the Senator from South Carolina.

Mr. SMITH of South Carolina. Very well.

Mr. SMOOT. I have here a letter from Mr. Hugh L. Cooper bearing on this question. I take it for granted that there is no Senator who will say that Mr. Cooper is not qualified to speak in reference to this matter and to estimate what this project is going to cost; and having been interested, as he has been for years past, in this very project, I think his testimony ought to be taken with due consideration. The only question that arises with him or which he thinks ought to be considered at all is, Would it be better to lose the money which we have already invested in the project—which I will frankly say he does not believe we should do—or to make the appropriation of some \$26,000,000 to complete the water-power dam, and then for the United States to lease the project and perhaps, by following that plan, be able to make 5 per cent upon its investment? This is not the time for the Government of the United States to invest its money upon a project on which it is liable to lose most of it, as has been stated by the proponents of the pending bill, if the work is not continued, and under the very best of circumstances for it to receive only 5 per cent upon its investment.

I know that Senators wish to take the vote upon the pending motion, and I am not going to discuss this question at length, because I should prefer that the vote be taken at this time.

Mr. SMITH of South Carolina. Mr. President, I wish to ask the Senator from Utah if in the cool and dispassionate manner in which he is proceeding he means to indict not only the officials of the War Department and the Agricultural Department but Senators who are advocating the passage of the proposed legislation as being so hopelessly stupid and so hopelessly incompetent to understand a certain proposal that they have become the puppets and tools of designing individuals who propose to develop the water power at Muscle Shoals and to use it for their advantage, and are not able to detect what is so manifest to the Senator from Utah?

I do not think the Senator from Utah wishes to stand here and seriously imply that his colleagues on the floor who are interested in the measure and that two departments of the Government which are advocating it are stupid, to put the best construction on his statement; and worse than stupid, to put the other construction on it.

Mr. SMOOT. The Senator from South Carolina may put any construction he desires upon my statement. I think if the Senator had listened to the testimony, as I think he did, and as I have studied it—or if any Senator will read the testimony which was given, even that of the Secretary of War, he will



come to the same conclusion that I have unless he desires that the Government of the United States go into the project for the purpose of developing water power at Muscle Shoals.

Mr. SMITH of South Carolina. Mr. President, the Senator from Utah does not mean to state at all that I sat and heard the Secretary of War and came to the conclusion that he was camouflaging the situation in order to develop water power at Muscle Shoals. The development of water power is to be desired, because, in the last analysis, it is the cheapest form of energy that can be used for the production of a very necessary ingredient for fertilizer. It was stated and reiterated—

Mr. SMOOT. If the Senator will allow me now to conclude, I desire to say I have heard the Senator make that statement a good many times.

Mr. SMITH of South Carolina. The Senator from Utah never heard me make the statement before, and I am surprised that he should stand here and attempt, as has been done all the time in this Congress, to discredit the various officials in whom we have under the law got to place confidence. It is a wonder that the public do not repudiate our Government and seek another form of government if those we put in charge of our affairs are half so mean as some of us seem to think.

Mr. SMOOT. Mr. President, I think the people of the United States did repudiate the present administration. I think there is no question of doubt that if we spend \$140,000,000 or \$169,000,000, if the project shall be completed according to the estimates that have already been submitted to Congress, that there will never be any product manufactured there. Even if the fertilizer plant about which Senators are talking be built, there will never be a product manufactured there which will go directly to the farmer to be used. I know the Senator from South Carolina said the other day that he had used a part of the products that would be manufactured by the plant, but no one can find anything in the entire testimony to the effect that they are going to produce an article such as that to which the Senator from South Carolina referred.

Mr. SMITH of South Carolina. If the Senator will allow me, that is the basic element which they have to produce in order to get the explosive ingredient. The product of the first process is the one which is available to the farmer.

Mr. SMOOT. Mr. President, what is produced at the Muscle Shoals plant will go not to the farmer at all, but to the fertilizer manufacturer. A very small part of the product will be put into fertilizer, and it will make no difference in price whatever to the farmer. I have no patience with all this camouflage about the farmer. Let us get right down to what this measure means, and if we are going to put the Government's money into the Muscle Shoals project let us know what the result is going to be, and, then, if the Congress of the United States says that they want to spend \$169,000,000 on it, let the American people know that Congress did it, and let those who vote for it take the responsibility.

I am not at this time going into the details of the bill, as the Senator from New York [Mr. WADSWORTH] and the Senator from Wisconsin [Mr. LEXROOT] have done, but I indorse every word which has been uttered by those Senators. I say that a reading of the bill can not result in any other impression than has been pointed out by them; no other construction can be placed upon the bill. I hope and trust that at least we will give the committee another chance to draw the bill in such form that if it shall become a law we will know something about what the cost will be to the Government and what is to be accomplished or intended to be accomplished by its passage.

Mr. KENYON. Mr. President, as I am a member of the Agriculture Committee but feel I must vote to recommit the bill, I desire to say a few words in explanation of my attitude. I hesitate so to vote more on account of the position of the chairman of the Committee on Agriculture and Forestry [Mr. GRONNA] than for any other reason, because I do not like to be out of accord with him.

He has given the subject a great deal of consideration and is earnestly in favor of everything that will benefit the farmers of the country. I believe it will be a great loss to the people of the United States when the Senator from North Dakota retires from this body in a few months, and I hope the committee, if the bill is recommitted, may be able to work out the problem before he leaves the Senate.

This bill has troubled me very much. I have not been able to find any member of the committee who was present when the bill was voted out. I think possibly the Senator from South Carolina [Mr. SMITH] may have been present, and one or two other Senators, but I am perfectly well satisfied that the Agricultural Committee did not give to this bill the consideration which they should have accorded it. I do not say that in any

spirit of criticism. I myself was compelled to be away from the committee at the time on account of other duties in connection with other committees, and other Senators were similarly situated. When I vote to recommit the bill I do not vote against the principle of the bill. I am not frightened at all by the Government undertaking to go into some particular line of business if it may be essential to break a monopoly or essential for the general welfare, although I do not indorse the proposition as a general thing of the Government going into business; but if this measure would help to smash the Fertilizer Trust, that consideration would be very persuasive with me. However, I do not believe it will have that effect. If it would be helpful to the farmers, that would be more persuasive; but I am inclined to think that the farmers will have no benefit whatever from this bill, especially in its present form.

The high point in reference to this matter is struck by the Senator from North Dakota [Mr. GRONNA] in his proposition that there should be no profit to private industry in the manufacture of munitions of war. I will join on the committee with Senators who want to work out that kind of a proposition, that will embrace of necessity this plant at Muscle Shoals, and should provide for other plants, so that the Government will be the sole manufacturer of munitions of war. I believe that if that were true it would tend to decrease war, and I believe that the Senator from North Dakota in getting away from the fertilizer proposition and navigation has struck the real note in this matter.

But I confess to a good deal of suspicion about any bill that originates around Muscle Shoals. I do not mean that now as to Senators, but the proposition has been fraught with fraud and graft and corruption ever since the initiation of the movement at Muscle Shoals. I fought it then. There were only a few Senators who were opposed to it. It seemed to me a wrongful expenditure of public money. Now, we have come on down through these years, and anyone who reads the Graham report—and I have never seen it denied very much—will have to agree that for graft and fraud Hog Island is a piker compared to Muscle Shoals.

We have spent in this country I think a little over \$100,000,000 in reclaiming some 3,000,000 acres of land, and that money will come back; and here we are with this proposition expending \$100,000,000 and getting nothing. The record is a shameful record.

I realize that in this wider view, in this wider project of trying to work out something in the making of munitions of war by the Government, it probably will be necessary to take into consideration the plant at Muscle Shoals. It is probably a great water power, and I am not at all averse to doing that; but here are the cyanamid interests, and the Alabama Power Co., and all these other interests around Muscle Shoals that arouse one's suspicion. Talk about a lobby, as the Senator from Alabama does! There certainly has been a lobby here ever since I can remember for the Alabama Power Co., the Muscle Shoals, and possibly the cyanamid company. The senior Senator from Massachusetts [Mr. LODGE] back in 1916 placed in the RECORD, at page 5643 of the RECORD of April 7, the different companies associated together in these matters. We find Mr. Washburn and Mr. Worthington in many of these companies. We find the Dukes in these companies, in whose hands a good many people suspect this plant will finally wind up.

The Senator from Alabama talks about lobbying. I agree with him about that. I am suspicious of the articles that we are receiving from New York against this proposition—"Muscle Shoals facts," sent out by the Press Service Co., of New York, in different installments. I have written to the Press Service Co. to know who is paying for this. I should like to know where that end of the lobbying is. There is a lobby on all sides.

The remark of the Senator from Alabama yesterday concerning these lobbies I think is worthy of a good deal of consideration. I do not know where this lobbying business is going to stop. There are proper kinds of lobbies. Nobody wants Congress to be shut off here on the hill and have people unable to get to Congress; but it is reaching a point nowadays where Washington is swarming with lobbies of every kind and description—some good lobbies and some bad lobbies. You can not go to your office, you can not get through the corridors anywhere, without having some of these lobbyists talking to you about bills in Congress.

I am not particularly objecting to that if it is known just exactly what these lobbyists are and who they represent. There has been testimony before committees of social lobbies in the city of Washington, of gentlemen receiving funds from great interests to use in social lobbying. You can pick up the papers every day and read of dinners and dances and balls given by



the Lord knows whom—a favorite form of lobbying in the city of Washington. The records of our Agricultural Committee in a certain investigation show that very thing. I do not know that there is any way of stopping that kind of a lobby; but there is existing now in the city of Washington, and it is going to grow, lobbying of certain kinds in lumber interests, oil interests, and other big interests; men go out of the Senate and men go out of the House and join up with these lobbies. There is going to be more of it in the days to come. The "general practice" of law in Washington is coming to be synonymous with "general lobbying."

I have in my hand a list of gentlemen, some of whom are ex-Members of Congress and ex-officials of the Government, here in Washington in the interest of oil, lumber, and other questions before the departments. That is a lobby that is growing. I believe that in order to carry on legislation here in the months to come we ought to have some kind of a law with relation to lobbying. Kansas has that kind of a law, and I think a number of other States have laws requiring the registration of lobbyists, a statement of just whom the lobbyists represent, and the fees that are paid them. Nobody ought to object to that. Then when they come before a committee, when they meet you in the halls, they meet you on your way home, they sit next to you on the street car and try to talk to you about bills, you know who they are and what they represent.

Mr. WALSH of Massachusetts. Mr. President—  
The PRESIDING OFFICER (Mr. CURTIS in the chair). Does the Senator from Iowa yield to the Senator from Massachusetts?

Mr. KENYON. I do.

Mr. WALSH of Massachusetts. Will the Senator please inform me whether or not there has been any effort made in Congress in recent years to establish a plan for the registration of lobbyists?

Mr. KENYON. I introduced a bill on that subject some years ago, but I will say to the Senator that it was a matter of derision. It never got very far.

Mr. WALSH of Massachusetts. Is it not a fact that nearly all State governments, especially the governments of the States that are considered progressive, have registration laws for lobbyists?

Mr. KENYON. I know that very many of them do. Does the Senator see any objection to a law of that kind?

Mr. WALSH of Massachusetts. I personally think it is a very unfortunate state of affairs to have the legislative branch of the United States Government without rules and provisions restricting and limiting the presence of lobbyists, compelling the registration of lobbyists, and making public the interests and special causes that they represent and the amount of fees or money collected and paid out by those interested in legislation, and I am surprised that some serious effort has not been made in the past to prevent the activities of lobbyists in and about Congress by at least a registration act.

While I am on my feet I want to say that I was much interested in hearing the Senator state that recently there has been a decided increase in the presence in Washington of gentlemen connected with lobbies. I hope it is not due to the fact that it is expected that during the next administration there will be more favorable opportunity for obtaining special-interest legislation than in the past. In any event, it is true, too true, that the discussion of tariff measures and of reforms in taxation laws has led to a stream of new arrivals in Washington to lobby for special legislation here. If some action is not taken we are going to be very much handicapped and embarrassed in doing our work here purely in the public interest during the next session of Congress.

Mr. OVERMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from North Carolina?

Mr. KENYON. I do.

Mr. OVERMAN. I think the Senator from Iowa introduced a bill on this subject, and I did also; and I will say to the Senator from Massachusetts that my bill was based largely upon the law of Massachusetts, which I think is a very good one. I think the Senator and I had better introduce our bills again, and perhaps they will receive consideration by the committee next time.

Mr. WALSH of Massachusetts. The registration law in Massachusetts was adopted during my public service in that State, and I must say that it has had a very wholesome effect upon ridding the halls of the legislature of the activities of undesirable lobbyists. It is a law that is very well lived up to, and it has had a tendency to help the dispatch of public business, and to have the lobbying that is necessary and important and proper carried on in an open and legitimate way.

Mr. KENYON. Of course, there is a lobbying that is perfectly legitimate and perfectly proper. Members of Congress do not want to keep themselves away from getting all information that is essential; but certainly there can be no valid objection to something that will let us know who the people are that are doing the lobbying, whom they represent, and what they are receiving in the way of fees. I have been informed on evidence that I think reliable that one institution here in Washington doing a lobbying business is paying out as much as \$250,000 a year in fees. It would be interesting, when some one came from that organization or association to speak to Members of Congress on legislation, to know whether they were just interested pro bono publico or whether they were influenced by good-sized fees.

I noticed some time ago, when the Agricultural Committee was considering a bill where this water-power proposition at Muscle Shoals crept in, that Mr. Washburn always seemed to be very handy, and was always dropping in to advise the committee about it.

So apparently in this matter, as the Senator from Alabama suggests, there has been lobbying against the proposition, and my suspicion is aroused as to where that lobbying is coming from, as to whether it is coming from private interests who do not desire the Government to go into this business for fear it may hurt them. I would like to know about that. But the whole situation is to me so muddy, and has not received that consideration which it should have before the committee, that I am going to vote to return it to the committee. That does not indicate that on the final analysis of this matter I might not be for the principle of this bill. I will be for a proposition along the lines suggested by the Senator from North Dakota, which will work out some large, broad plan to take away from private industry the profits of munition making, and I hope that something of good may come to the farmer. But as far as this bill is concerned, I am strongly of the opinion that it is a gold brick for the farmer.

Mr. HARRIS. I would like to ask the Senator a question. I know he is one of the very best public men in the United States, and anxious to do anything he can for agriculture. Why should the fertilizer trust of the United States be so opposed to this? If this measure would not help the farmer, why should they be opposing it?

Mr. KENYON. I am not certain they are; but if they are, that is a very suspicious circumstance. The only time I could be present at the meeting of the committee was when Mr. Washburn was on the stand. Mr. Washburn had been before the committee originally urging the Muscle Shoals proposition. He was here this time fighting it. The Senator will find in the record that I asked him why he was doing it, as I could not understand his position at the time.

I do not see anything in this bill, however, I will say to the Senator, which prevents the trust getting the production, and I am afraid that is exactly what it will do. It will be a bunco game to the farmer. This bill must be changed in many respects before I can bring myself to vote for it.

Mr. HARRIS. Mr. President, I have an amendment to offer which does take care of the farmer, and requires the fertilizer manufacturers who buy this product to sell it at a reasonable price to the farmers.

Mr. UNDERWOOD. Mr. President, I do not intend to detain the Senate with another speech. I made one yesterday and said all I have to say about this matter. It is mighty easy to give a dog a bad name, and let it follow him through life, and I rise now to call to the attention of the Senator who has just taken his seat [Mr. KENYON] a few facts in reference to Muscle Shoals.

For more than a hundred years the people of Alabama and Tennessee have been interested in improving the navigation of the Tennessee, and these shoals, called Muscle Shoals, have been a block in the way of navigation. There is not any ulterior motive behind that. It is a very natural desire on the part of the people of those States, and has been for a hundred years, to secure navigation. At one time the Government went to the point of partially building a canal, which was not entirely completed, and was not useful for navigation because conditions changed.

I wish to address my remarks to the Senator from Iowa just for a moment, and then I will be through. The Senator said that one objection he has to this bill is that the environment at Muscle Shoals, the lobbies in reference to Muscle Shoals, the unwarranted expenditures in reference to Muscle Shoals from the beginning, turned him against the measure. I know the Senator was sincere when he made that utterance, but let us analyze it. Of course, in the early history of the Government there were some expenditures made down



there that neither he nor I know anything about. Four or five decades ago they built a small canal. I know nothing about that, and I presume the Senator does not. I suppose he is talking about what occurred in the last two decades.

The Senator should bear in mind that outside of a survey, ordered in a river and harbor act to determine the navigability and water power of these shoals, there has not been one dollar expended at Muscle Shoals by the Government where fraud or extravagance could be committed until the time of this Great War. It is true that there have been a large number of men from Alabama who have been interested in building a dam there. That was legitimate. When they did not dream of the Government building this dam, they were interested in getting private parties to build it, and of course that was natural. But the Government always withheld its hand and blocked the development of this the greatest water power that lies east of the Mississippi River outside of Niagara Falls. There is no question about that.

It is natural and proper for men who represent the people who live in that community to come here and advocate that development. But nothing was done. Up to the time of the war there is nothing for the Senator to hang his statement on that there was fraud or corruption, because there was no Government money spent there, outside of a survey, and that was by the United States engineers, and there was certainly no fraud or corruption in making that survey.

I recognize the fact that Mr. Washburn at one time wanted to get the right to build this dam and develop water power and build this plant in Alabama, though I do not think he applied directly for it. He eventually applied for authority to build a dam on the Coosa, as the Keokuk Dam was built, as dams all over this country have been built. There was no corruption in that. So that, although some kind of special interests in mind have applied for the use of this water power, it is nothing more than usual, and it is nothing more than is now authorized by the Congress of the United States in the general power policy, because the Government expects special interests to make application to build these water powers.

But the Government finally decided, through authority exercised by the President under the national defense act, to take this water power for Government use, and not to give it to special interests; and I heartily approved of that. I think it was a very wise step when the President of the United States started to locate the Government plant for making nitrogen for powder at the greatest water power this side of the Mississippi River. The Government ought to have a great water power which it can control, not only for purposes in time of peace, but as a reserve arm in time of war, which it can always use for governmental purposes; and this is the best. I do not think there is any competent engineer in the United States who would dispute the fact that this is the greatest and best water power in the thickly settled portion of the United States that is not on the border line, like Niagara.

As I said, when the Senator says he opposes this because there has been corruption from the beginning, there has been no opportunity for corruption.

Mr. POINDEXTER. Mr. President—

The PRESIDING OFFICER. Does the Senator yield to the Senator from Washington?

Mr. UNDERWOOD. I yield.

Mr. POINDEXTER. Conceding that this is the best water power in the United States, considering the center of population, this bill—

Mr. UNDERWOOD. I am not talking about the great powers in the Rocky Mountains.

Mr. POINDEXTER. I was not going to refer to those. Of course, there are powers out there of enormous value. I am confining the discussion, accepting the statement of the Senator from Alabama, to the Muscle Shoals power. If that is the case, why is there not an application from some private company with sufficient financial ability to develop this water power at private expense, instead of at Government expense, in the same way that the western powers are developed?

Mr. UNDERWOOD. The Senator must remember that the question of the development and use of water power has come within the last 15 years, and that for 12 of those 15 years we have had practically a legislative block against anybody developing water power; that the water-power bill was only passed within six months, and prior to its passage the Government itself had undertaken the building of this dam. So there was never any opportunity.

Mr. POINDEXTER. There is an opportunity now that the bill has been passed. This is on a navigable stream.

Mr. UNDERWOOD. Seventeen million dollars have been allocated for this dam, and all of it has not been spent, but

will be spent in the next few months. So, practically speaking, with the \$17,000,000 invested in a foundation, if the Senator wants to take this great water power and sell what we have there at a tax sale or a sacrifice, allowing private interests to come in there and utilize it, I have no doubt it can be done. I have no doubt that the private interests would realize the great value of this water power, and would do it. I say that if the Government will not go ahead and develop it in the interest of the masses of the people of the United States, then I do not think that great power should be blocked. If the Government will not do it in the interest of the people, then I think it is better to allow some one else to build the dam. But I do not agree with the Senator at all that this great water power should go to private interests.

Mr. POINDEXTER. Mr. President, I did not express any such opinion. The question I asked of the Senator was merely for the purpose of developing what seemed to me to be a perfectly obvious question arising out of the debate, for information. I have no hostility toward this project. In fact, I have not yet come to a final conclusion in regard to the matter.

Mr. UNDERWOOD. I beg the Senator's pardon; I thought his question was coming as a matter of debate, and not as a matter of information.

Mr. POINDEXTER. Entirely as a matter of information. But I want to make the suggestion, which, it seems to me, is an important element to be considered, that if it should be developed by private interests, that does not mean that it will be absolutely controlled by private interests. The water-power act provides for Government regulation and for Government control, and, as the Senator from Alabama very well remembers, the delay in the enactment of that measure was occasioned by the controversy over proper reservations to enable the Government to prevent abuses under private development. So it is not a question between unrestricted private development and private operation and Government operation, but the question is between private development subject to Government regulation and Government control, which gives the Government the power to do practically everything it could do or would desire to do if it invested the public funds in the matter and developed it itself.

Mr. UNDERWOOD. Of course, the Senator recognizes the fact that if this work was abandoned and turned over to private interests it would have to take this power under the general power act, and then a contract would have to be made with private interests, and of course they would have to be assured that they were going to get their profits out of it or they would not put their money in.

Mr. SMITH of Arizona. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Arizona?

Mr. UNDERWOOD. I yield.

Mr. SMITH of Arizona. I would suggest to the Senator from Washington the great difficulty that has been found in the development of water power under the present act. It is a reasonable fear, I think, that the individual has, for in the great question of the development of power on the Colorado River there was a contract underwritten by some eastern men for \$50,000,000, I understand. They were to build it with \$50,000,000, and were ready to proceed, except that the Secretary of the Interior—and I think wisely—said, "We will not permit a great power like this to go into the hands of individual men for individual profit." Of course, when the private contractors had to agree to take whatever the Government said as to rates, and to be regulated by the Government, the great enterprise fell to the ground.

I know the Muscle Shoals. I have been on the ground on some of my hunting trips, and there is not such a development of water power, as far as I know, in this country, outside of Niagara, and what can be done in the confined waters of the Colorado River.

Mr. POINDEXTER. I presume the Senator has not seen some of the water powers of the West.

Mr. SMITH of Arizona. It may be that I have not. Then they come within the exclusion of my statement. I do not mean a water power like that in the Yosemite. But you will find, I am afraid, that if this bill is beaten, under the regulation by the Government, the uncertainty of the constantly changing official who has control of it will keep timid capital away when it has to be produced in such enormous quantities to harness that water and get the power to develop the biggest stretch of country and to benefit more people than any other possible project in the United States.

Mr. UNDERWOOD. Mr. President, I did not rise to go into a discussion of this proposition, but I did not want the debate to close without making the statement I have made with



reference to Muscle Shoals. Up to the time of the war there was not any expenditure of money, there was not anything done, which could form the basis for graft or greed. During the time of the war the President ordered a nitrate plant to be built at Muscle Shoals. Like all other war building, there was great extravagance. There may have been some corruption in a minor way, but that was due to conditions which grew out of the war, nothing that the people who are now interested in the development had anything to do with, nothing that the Government had anything to do with except the starting of the enterprise. We found that trail through the entire war, wherever a Government contract was being fulfilled. No one contends for a moment that there was not war extravagance in building the plant, as there was in everything else we did during the war. A large portion of its cost ought to be charged off to the war. But, aside from that, there is nothing here to show corruption or to show stealing. It was absolute war waste and there is no use in the Senate having its judgment misled by charges of that kind.

We have this great plant which can be utilized, or it may lie there idle, to die. The effort of the bill is to utilize it in time of peace for the great farming interests of the country, and have it there for protection in time of war.

As to what I said yesterday in my speech about the lobby, I do not criticize men because they are interested in their own desires and their own wants. Human nature will never change. I try to judge no man so far as his motive is concerned. Of course, it is perfectly legitimate as a part of the argument in this debate to point out that there are certain great special interests that are lobbying here to prevent the passage of the bill and to prevent this development because they think it might work injury to their own private plants. They have a right to come here and tell their story, and they are here telling it. They desire the defeat of the project because they think it will be a competitor with them.

I have always believed that they have magnified the competition in their own minds. I think there is an ample field in the country for the plant to work in the interest of the farmers without seriously injuring the business of the private interests that are lobbying against the bill; but I think the issue comes to us whether we shall work the plant in the interest of the mass of the American people or whether we shall stifle this opportunity because there are certain great interests in the United States that are afraid of it.

Now, Mr. President, unless some Senator who is now present desires to proceed with a speech, I think we are about ready to vote, and I would suggest that the roll be called to secure the attendance of a quorum, in order that absent Senators may be notified.

The PRESIDING OFFICER. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ball	Gronna	McNary	Smith, Ariz.
Beckham	Hale	Moses	Smith, Md.
Borah	Harris	Myers	Smith, S. C.
Brandee	Harrison	Nelson	Smoot
Calder	Heflin	New	Sterling
Capper	Henderson	Nugent	Sutherland
Culberson	Johnson, Calif.	Overman	Swanson
Curtis	Jones, N. Mex.	Page	Trammell
Dillingham	Jones, Wash.	Phelan	Underwood
Fernald	Kenyon	Phelps	Wadsworth
Fletcher	Keyes	Pittman	Walsh, Mass.
France	King	Poinderer	Walsh, Mont.
Frelinghuysen	La Follette	Pomerene	Warren
Gay	Lenroot	Ramsdell	Williams
Glass	McCumber	Robinson	Wolcott
Gore	McKellar	Sheppard	

The VICE PRESIDENT. Sixty-four Senators have answered to the roll call. There is a quorum present.

Mr. HARRISON. Mr. President, I desire to occupy just a moment. There has been much said about lobbyists. The Senator from Iowa [Mr. KENYON] was very frank and very candid about it, and said that very recently we could hardly walk around the Capitol for lobbyists and that they were getting more numerous every day and that he supposed they would still increase in the near future. I agree with him in that statement, and I agree with the Senator from Massachusetts [Mr. WALSH] in that I hope there is no political significance in the increased attendance at this particular time.

There have been many eulogies passed on Mr. Washburn. I desire to read what Mr. Washburn said, just to refresh the memories of Senators before the vote on this important question, to show what his position is and on what his opposition to the particular legislation is based. Mr. Washburn is the head of the corporation that has now, or did have, the contract, which terminates in 1921—that is, so far as the fixed price of

the royalty is concerned—and after that it is to be arbitrated. Here is what Mr. Washburn said in the testimony, at page 223 of the hearings:

Should they seek the ruin of the American Cyanamid Co., first, by taking away its customers, and swamping the market at low prices, which the Government can do, because its proposed corporation will pay no taxes, no interest, no depreciation?

That is the milk in the cocoanut. Mr. Washburn said that he bases his opposition principally on the fact that prices will be lower and his customers will be taken away from him. He goes on further, in answer to a question by the Senator from New York [Mr. WADSWORTH], who asked him to tell about the American Cyanamid Co., of which Mr. Washburn is president, and about which a great deal has been said in the course of the discussion. Here is what he said:

The American Cyanamid Co. was organized in 1907. Its first capital of \$1,000,000 was subscribed by my three associates and myself equally. We started out with an experimental \$1,000,000 to see what we could do with the situation. The matter developed satisfactorily, and we sought capital and secured it abroad. It is the kind of an undertaking that American investors are not accustomed to. We think here in terms of physical property and physical assets, but people abroad have had a wider experience in things of this kind, and they give a value to an idea—and we had practically nothing but an idea to sell.

The property of the company to-day has a value of something like \$10,000,000, and as fresh capital was required it was, in about equal part, furnished from abroad and by American investors.

We are the owners of two subsidiary companies.

May I say in this connection, that every person who has approached me touching the legislation or who has written me touching the legislation, so far as I know, has been opposed to the bill. I have not received any petitions or letters from the farmers of the country asking me to support the bill, although the farming organizations, I understand, have resolved on other propositions, requesting Congress to pass it. I have no doubt, though, that they are thinking of us and expecting us to do our duty by them. That we must do. The letters I have received are from fertilizer concerns in my State who are opposing the proposition for the very reason that they are afraid that their concerns will be put out of existence. I do not think it will, although it may, and I hope it will force them to give to the farmers cheaper fertilizers.

Says Mr. Washburn:

We are the owners of two subsidiary companies. One is a large producer of phosphate rock in Florida—the Amalgamated Phosphate Co. We own all the stock of that company. We purchased it from the former owners, who were a number of people, for the most part fertilizer manufacturers who had combined their phosphate-rock holdings. The name of the company was significant—the Amalgamated Phosphate Co. It was an amalgamation of the phosphate properties of a number of fertilizer companies of importance, most of them. That company we operate. Of course, that has nothing to do with nitrogen.

Our purpose in purchasing that property was to furnish us with the raw materials for a product which is a form of ammonium phosphate and had the trade name of Ammophos, which we export in large quantities.

The other subsidiary company is this Air Nitrates Corporation, which performed this service for the Government, with which you are familiar.

There is one other company, and that is a California company, which manufactures hydrocyanic acid from cyanide, which this company also makes. We make cyanide from cyanamid at our plant, and we ship the cyanide to our California plant, owned by the subsidiary company there, and it is transformed into hydrocyanic acid. That is a growing and important business, and the acid is used for fumigating citrus fruit—oranges and lemons.

And so forth.

Senator WADSWORTH. \* \* \* Has the company any interest in any of the larger fertilizer manufacturing concerns?

The Senator was getting at the source of the opposition to this bill when he was propounding these questions. He wanted to clear the matter up. So the Senator from New York, adroit, smart, able, the author of the bill, asked this question:

Senator WADSWORTH. Has the company any interest in any of the larger fertilizer manufacturing concerns?

Mr. WASHBURN. None whatever.

But the Senator from New York was not to be taken off his guard in that way, so he followed his question up by asking:

Have those companies any interest in yours?

Mr. WASHBURN. They own stock by reason of the purchases that were made of these phosphate properties in Florida.

That is the reason some of the fertilizer plants throughout the country are opposed to this proposed legislation. They are interested in it, admittedly so, by Mr. Washburn himself.

Now, here is what Secretary Baker in his testimony says about this man Washburn, who is now opposed to this legislation, and who has been eulogized in this debate. On page 351 of the hearings Secretary of War Baker said:

There is only one other aspect of this matter upon which I want to say a word, and that is the relation of this bill to the Air Nitrates Corporation. I think Mr. Washburn will say to this committee that long before the Government undertook to build a nitrate plant at Muscle Shoals he wanted to build one there; that Mr. Washburn regards it as the most favorable place in the United States not now occupied for



the building of a cyanamid process nitrate plant; that he was very anxious to have the Muscle Shoals Dam built and the power of the Muscle Shoals Dam placed at his disposal for the erection, as a private enterprise, of a cyanamid plant at Muscle Shoals. It has been one of his activities for many years to bring that about. I make no comment upon it or characterization of it. He was in that business, and he thought that he could benefit the farmers and himself, too, if he could induce the Government to build the Muscle Shoals Dam and sell the power at a very low rate, in order that he might sell cyanamid and its derivatives as a fertilizer.

So that Mr. Washburn until he got the plant there believed that a plant ought to be put there and operated in the interests of the agriculture of this country. Now that the Government has the plant and has a contract with Mr. Washburn, by which he has agreed that the Government may operate under his processes, it seems to me Mr. Washburn ought not now to take the view either that that is an improper place or that it is unwise to continue the operation of the plant.

Senators, when you vote on the proposition if you fail to vote to carry on the work, then you vote practically to throw away \$85,000,000 which the Government has already expended on the Muscle Shoals plant. In my opinion, it is an economical venture upon the part of the Government. We shall be providing an insurance in time of war against our destruction and a guaranty of the development of our agricultural interests in time of peace. We ought to pass this legislation in order that we may continue that great work, which will protect our country in time of war and help our farmers at this crisis to obtain cheaper fertilizers.

Mr. LENROOT. Mr. President, I ask for the yeas and nays on my motion to recommit the bill.

The yeas and nays were ordered, and the Assistant Secretary proceeded to call the roll.

Mr. FALL (when his name was called). I have a pair with the junior Senator from Wyoming [Mr. KENDRICK]. In his absence I withhold my vote.

Mr. FERNALD (when his name was called). I have a pair with the junior Senator from South Dakota [Mr. JOHNSON]. In his absence I withhold my vote.

Mr. HENDERSON (when his name was called). I have a general pair with the junior Senator from Illinois Mr. [McCONMICK]. In his absence I withhold my vote.

Mr. JONES of New Mexico (when his name was called). I have a pair with the junior Senator from Missouri [Mr. SPENCER], which I transfer to the junior Senator from Arkansas [Mr. KIRBY] and vote "yea."

Mr. McCUMBER (when his name was called). I have a general pair with the senior Senator from Colorado [Mr. THOMAS], but understanding that he would vote as I intend to vote upon this question I feel at liberty to vote. I vote "yea."

Mr. PHIPPS (when his name was called). I have a pair with the junior Senator from South Carolina [Mr. DIAL]. I transfer that pair to the junior Senator from West Virginia [Mr. ELKINS] and vote "yea."

Mr. POMERENE (when his name was called). I have a general pair temporarily with the senior Senator from Iowa [Mr. CUMMINS]. I understand that his vote on this question, if he were present, would be the same as mine. I therefore feel at liberty to vote, and vote "yea."

Mr. SMITH of Georgia (when his name was called). I transfer my pair with the senior Senator from Massachusetts [Mr. LODGE] to the junior Senator from Rhode Island [Mr. GERRY] and vote "nay."

Mr. WILLIAMS (when his name was called). I have a general pair with the Senator from Pennsylvania [Mr. PENROSE]. I understand that if he were present he would vote "yea." I transfer my pair to the Senator from Missouri [Mr. REED] and will vote. I vote "nay."

Mr. WOLCOTT (when his name was called). I have a general pair with the Senator from Indiana [Mr. WATSON]. In his absence I am not at liberty to vote and therefore withhold my vote. The roll call was concluded.

Mr. SIMMONS. I have a general pair with the junior Senator from Minnesota [Mr. KELLOGG]. I transfer that pair to the Senator from Nebraska [Mr. HITCHCOCK] and vote "nay."

Mr. BRANDEGEE (after having voted in the affirmative). I am paired with the senior Senator from Tennessee [Mr. SHIELDS]. I transfer that pair to the senior Senator from Colorado [Mr. THOMAS] and allow my vote to stand.

Mr. FERNALD. I transfer my pair with the junior Senator from South Dakota [Mr. JOHNSON] to the senior Senator from Minnesota [Mr. NELSON] and vote "yea."

Mr. HARRISON. I have been requested to announce that the Senator from Oregon [Mr. CHAMBERLAIN] and the Senator from South Dakota [Mr. JOHNSON] are detained from the Senate by reason of illness.

Mr. GORE. I desire to announce that the Senator from Missouri [Mr. REED] is absent from the Senate because of illness.

Mr. CURTIS. I desire to announce the following pairs: The Senator from New Jersey [Mr. EDGE] with the Senator from Oklahoma [Mr. OWEN]; and

The Senator from Iowa [Mr. CUMMINS] with the Senator from Arizona [Mr. ASHURST].

The result was announced—yeas 32, nays 33, as follows:

## YEAS—32.

Ball	France	Lenroot	Pomerene
Borah	Frelinghuysen	McCumber	Sherman
Brandeggee	Gore	McLean	Smoot
Calder	Hale	Moses	Sterling
Colt	Jones, Wash.	New	Sutherland
Curtis	Kenyon	Page	Townsend
Dillingham	Keyes	Phipps	Wadsworth
Fernald	King	Polindexter	Warren

## NAYS—33.

Beckham	Johnson, Calif.	Ransdell	Swanson
Culberson	Jones, N. Mex.	Robinson	Trammell
Fletcher	McKellar	Sheppard	Underwood
Gay	McNary	Simmons	Walsh, Mass.
Glass	Myers	Smith, Ariz.	Walsh, Mont.
Gronna	Nugent	Smith, Ga.	Williams
Harris	Overman	Smith, Md.	
Harrison	Phelan	Smith, S. C.	
Heflin	Pittman	Stanley	

## NOT VOTING—31.

Ashurst	Gerry	Knox	Penrose
Capper	Harding	La Follette	Reed
Chamberlain	Henderson	Lodge	Shields
Cummins	Hitchcock	McCormick	Spencer
Dial	Johnson, S. Dak.	Nelson	Thomas
Edge	Kellogg	Newberry	Watson
Elkins	Kendrick	Norris	Wolcott
Fall	Kirby	Owen	

So the Senate refused to recommit the bill to the Committee on Agriculture and Forestry.

Mr. WADSWORTH. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. There is a pending amendment, which will be stated by the Secretary.

The ASSISTANT SECRETARY. The pending amendment is the amendment of the Senator from South Carolina [Mr. SMITH], which is as follows:

On page 5, line 19, after the word "others," insert a colon and the following proviso:

"Provided, That in the sale of such products not required by the United States, preference shall be given to those persons engaged in agriculture."

To which a substitute has been offered by the Senator from Georgia [Mr. HARRIS], in the following words:

Insert a comma and the words "preference being given to farmers, and all such products sold to producers of fertilizers shall be with the agreement that they shall resell to farmers at reasonable prices."

The VICE PRESIDENT. The question is on the substitute.

Mr. LENROOT. Mr. President, before the substitute is voted upon I desire to ask the Senator from Georgia whether he thinks the provision that the producers of fertilizers shall agree to sell at reasonable prices offers any protection whatever to the farmer? How would it be enforced?

Mr. HARRIS. Mr. President, I think the men who are appointed under the next administration to handle this matter will be the very best men in the country, and I think they would decline to sell to any fertilizer manufacturers who would not agree to sell the fertilizer at reasonable prices to the farmer.

Mr. LENROOT. Suppose that they do agree to sell at reasonable prices, what happens then?

Mr. HARRIS. Then, if they decline to carry out their agreement, they can decline to sell them any further fertilizers.

Mr. LENROOT. Yes; but after you have sold, and they agree to sell at reasonable prices, who is to determine the matter?

Mr. HARRIS. That would only be one sale, and they would be interested in a great number of sales afterwards.

Mr. LENROOT. The point of my inquiry is this: I have an amendment that will really be of some value to the farmer, in that it provides that wherever this fertilizer is sold to producers the purchaser must consent to regulation of price on resale by this corporation. Then there will be something of value.

I sincerely hope the Senator will withdraw his amendment, and allow the amendment of the Senator from South Carolina to be adopted, and then I will propose my amendment as a further proviso.

Mr. SMITH of South Carolina. Mr. President, if the Senator from Georgia will allow me, I think my amendment does all that the corporation proposed in this bill can do so far as selling to the farmer is concerned, giving him preference in the purchase; and then, as the Senator from Wisconsin indicates, as to whatever is not purchased by the farmer and is sold to a fertilizer concern, before the sale to this fertilizer concern is made they shall enter into an agreement with it as to what price it shall charge in reselling the fertilizer to the farmer.

I think that would be very much better than the form in which the Senator has proposed his substitute, for the reason, as the Senator from Wisconsin points out, that if you sell to these fertilizer manufacturers, and they are to resell at a



reasonable price, you have no one to determine what will be a reasonable price. I think the proviso or the intimated amendment the Senator from Wisconsin proposes would come nearer reaching the object that we have in this bill than that proposed by the Senator from Georgia.

Mr. WILLIAMS. Mr. President, if I understand the amendment offered by the Senator from South Carolina, it does nothing more than is being done now. Whenever the product is not needed for military defense as an explosive, the farmer now receives the preference in the sale.

Mr. SMITH of South Carolina. No; this bill does not so provide, and that is the reason why I offered the amendment.

Mr. WILLIAMS. But as a matter of practice of the department, he does now, does he not?

Mr. SMITH of South Carolina. There has not been sufficient manufactured to test out that question.

Mr. WILLIAMS. What the Senator wants to do, then, is to make that clear?

Mr. SMITH of South Carolina. To make that clear, and that is the only object of my amendment. The amendment of the Senator from Wisconsin proposes that after the farmer has been supplied, if this product is sold to the manufacturers of fertilizer, there shall be an agreement between this corporation and the manufacturers as to the price at which they will sell the fertilizer made from the ingredients manufactured by this corporation.

Mr. WILLIAMS. But if you waited, in order to do that, until after the farmer had been supplied there would be practically no waiting at all, because, of course, the farmer can consume all the surplus.

Mr. SMITH of South Carolina. Yes; I rather think that is true, but doubtless there are hundreds and hundreds of farmers who, despite this, will not purchase directly. They do not now, even though there is a saving. There are a great many—not anything like a majority, but a great many—who must purchase from their local merchant, and their merchant gets it from the manufacturer.

Mr. WILLIAMS. He can, or he can purchase in their name directly from the Government.

Mr. SMITH of South Carolina. Yes; he could do that.

Mr. WILLIAMS. And after you make this clear he can do that.

Mr. SMITH of South Carolina. Yes; but I think even the amendment of the Senator from Wisconsin would be a pretty good safeguard. However, I think the object to be attained is attained by making it clear in the bill that the farmer is to have the preference, and then, after him, the others.

Mr. HARRIS. Mr. President, it is immaterial to me which amendment is adopted, whether my substitute or the amendment of the Senator from South Carolina.

On January 4 I introduced an amendment which is practically the same as that introduced by the Senator from South Carolina four days after my amendment. He changed the wording a little, but it is the same amendment. It does not make any difference to me which amendment is agreed to, but I should like to have the Senate hear the amendment and the substitute read, and also the amendment to be offered by the Senator from Wisconsin [Mr. LENROOT], so that the Senate can decide for themselves which form they prefer.

The VICE PRESIDENT. The Secretary will state the amendment offered by the Senator from South Carolina, the substitute offered by the Senator from Georgia, and if the Senator from Wisconsin will send up his proposed amendment that will be stated, and then the Senate can, and the Chair hopes will, vote.

The ASSISTANT SECRETARY. The Senator from South Carolina proposes the following amendment:

On page 5, line 19, after the word "others," insert a proviso in the following words: "Provided, That in the sale of such products not required by the United States, preference shall be given to those persons engaged in agriculture."

Mr. WILLIAMS. Mr. President, I suggest to the Senator that he put the word "Government" after the word "States."

Mr. SMITH of South Carolina. I am following the text. Just before that in the text it says:

To sell any or all of its products not required by the United States. I am simply conforming to that language.

Mr. WILLIAMS. What the Senator really means is, "not required by the United States Government for military purposes."

Mr. SMITH of South Carolina. Yes.

Mr. WILLIAMS. Of course, "the United States" is a pretty broad term, including pretty nearly everybody—in fact, all of the 106,000,000 of population of the United States.

Mr. SMITH of South Carolina. That is the only reason why I used that term.

Mr. WILLIAMS. Suppose the Senator just puts in the word "Government," to make it perfectly plain—"not required by the United States Government."

Mr. SMITH of South Carolina. I have no possible objection to the modification of the wording.

Mr. WILLIAMS. That is what the Senator means.

The VICE PRESIDENT. The Secretary will state the substitute and the amendment to be offered by the Senator from Wisconsin.

The ASSISTANT SECRETARY. To that amendment the Senator from Georgia [Mr. HARRIS] has offered a substitute in the following words: After the word "others," insert a comma and these words:

Preference being given to farmers, and all such products sold to producers of fertilizers shall be with the agreement that they shall resell to farmers at reasonable prices.

The amendment that will be proposed by the Senator from Wisconsin [Mr. LENROOT] is as follows: At the end of line 19, on the same page of the bill, add to the proviso—

Mr. LENROOT. If the proviso is adopted, it will be added to the proviso.

The ASSISTANT SECRETARY (reading)—

Provided further, That if such products are sold to others than users of fertilizers, the corporation shall require as a condition of such sale the consent of the purchaser to the regulation by the corporation of the prices to be charged users for the products so purchased, or any product of which the products purchased from the corporation shall form an ingredient.

Mr. HARRIS. Mr. President, I withdraw my substitute, as the other two amendments will accomplish the purpose I have in view.

Mr. WADSWORTH. Mr. President, I do not intend to oppose this amendment or the amendments that have been suggested in this connection. I simply remind the Senate to look this thing squarely in the face and understand that if these amendments are adopted and this bill is enacted into law, from now on the Government of the United States is going to fix the price of fertilizer of all kinds and descriptions.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Wisconsin to the amendment of the Senator from South Carolina.

Mr. SMITH of South Carolina. Mr. President, the vote now is on the amendment offered by myself, is it?

The VICE PRESIDENT. No; is the amendment offered by the Senator from Wisconsin to the Senator's amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. GRONNA. Mr. President, I offer the following amendment which I send to the Secretary's desk.

The VICE PRESIDENT. The Secretary will report the amendment.

The ASSISTANT SECRETARY. On page 6, line 11, after the word "act" at the end of the line, insert a colon and the following:

Provided, That the language of this act shall not be construed so as to authorize the corporation to exercise the power of condemnation vested in the President by the act of June 3, 1916, known as the national defense act.

Mr. GRONNA. Mr. President, the Senator from New York [Mr. WADSWORTH] objected to the authority contained in the act of June 3, 1916, which gives to the President the power to condemn property of all kinds, and, of course, the bill would extend that authority to this corporation. I am offering the amendment just to satisfy those who are opposed to granting such authority to this corporation.

Mr. WADSWORTH. Mr. President, I do not know whether it is going to be possible to get the Senate to listen to any discussion of this phase of the bill. I observe that the attendance is already dwindling.

The Senator from North Dakota [Mr. GRONNA] has introduced an amendment to the effect that this corporation shall not have the power to condemn, but he forgets, I think, that the President of the United States still has the power to condemn, under section 124 of the national defense act, and can condemn any property and then turn it over to the corporation. To be perfectly frank, the amendment of the Senator from North Dakota does not satisfy my objection.

Let us read just for a moment and see what we are up against here. I know that there is a tremendous push on in the Senate to commit the people of the United States to this project.

Mr. UNDERWOOD. Will the Senator yield for a question?

Mr. WADSWORTH. I will.

Mr. UNDERWOOD. I cooperated with the Senator from North Dakota [Mr. GRONNA] in preparing the amendment he offered, really to meet the objection of the Senator from New York. As far as I know, the proponents of the bill, and the men who are in favor of it, have no desire whatever to place in



the hands of this corporation the power of condemnation, and I am sure that the Senator from North Dakota and the balance of us who are in favor of the bill will agree, if the Senator will just suggest the language of an amendment which will relieve the situation that is in his mind. I doubt whether the Senator's construction is proper, but we do not care to take issue with the Senator on that, and we are willing to agree with him on it, if he will just indicate wherein the amendment does not cover the point. There is no desire on the part of those who are in favor of the bill to continue to turn over to this corporation any power of condemnation.

Mr. WADSWORTH. I was about to come to that when the Senator asked me to yield.

Mr. UNDERWOOD. I think it is only a question of reaching an agreement on the words to be used.

Mr. WADSWORTH. It is more difficult than the Senator thinks. The trouble with this question is that the overwhelming majority of Senators who are supporting the bill have never read it. It is more difficult than the Senator from Alabama thinks to cure this thing, and we have just started.

Mr. UNDERWOOD. I will say to the Senator that I do not think there is any difficulty about curing it at all. I think it is always easy enough to find language which will cure a proposition if you want to negative it, and if the Senator does not think this accomplishes it, let him suggest language that in his opinion will do it.

Mr. WADSWORTH. Let us see about it. The power of condemnation carried under the bill is in subdivision (e) on the bottom of page 5. That is the subdivision which provides that by direction of the President the corporation is "to act as his agent in carrying out and performing any or all of the duties imposed upon him by section 124 of the act of June 3, 1916." The power of condemnation is not the only thing which is contemplated under subdivision (e). The use of the Wilson Dam is contemplated under subdivision (e).

Mr. UNDERWOOD. Of course that is not a question that goes to condemnation.

Mr. WADSWORTH. Just a moment, if I may. The Senator says it is an easy thing to amend the bill and to stop the power of condemnation. The amendment of the Senator from North Dakota does not do it.

Mr. UNDERWOOD. Why not?

Mr. WADSWORTH. Because the President is still allowed to condemn any property, and specifically to turn it over to this corporation, and I am opposed to lodging in the hands of the President by specific act in time of peace the power to go far and wide over the country and condemn any property he chooses and turn it over to this corporation.

Mr. UNDERWOOD. Mr. President—

Mr. WADSWORTH. If the Senator will permit me to continue just a moment, I will suggest to him the only thing that will cure that situation, and that is the repeal of section 124 of the national defense act in so far as the power of condemnation is lodged in the hands of the President.

Mr. BRANDEGEE. Mr. President, why would not a provision to the following effect, to wit, that no property shall be taken by eminent domain for the purposes of this corporation, cure the defect the Senator suggests?

Mr. SMITH of South Carolina. Mr. President, does not the Senator realize that in time of war some emergency might arise when it would be proper for the President to use that power?

Mr. BRANDEGEE. Of course, in time of war emergencies are likely to arise, I will admit, but no emergency arose in the last war which could not have been provided for by Congress, and Congress in time of war could immediately give this power to the President.

Mr. UNDERWOOD. I agree to what the Senator from Connecticut has said. I think if the language we suggest does not cover it, the language he suggests would, and although it might take away the power of condemnation of the President in time of war, we have no desire to have the President exercise that power in time of peace, and if another war came the Congress would readily return the power to the President. I think we are taking time about a matter we are not in dispute about, and if we follow the language of the Senator from Connecticut I think it would be agreeable.

Mr. GRONNA. Mr. President, I want to say that I listened to the debate on this bill at the time it was taken up, and in cooperation with the friends of the measure I suggested an amendment of this kind. If it does not meet the objection of the Senator from New York, I am perfectly willing to take the language suggested by the Senator from Connecticut. I have no objection to it whatever.

Mr. WADSWORTH. Mr. President, I would simply like to have it put in written form and read and attached to certain lines and pages of the bill. We must recollect, Mr. President, that we are starting in to rewrite this bill, and I would like to have it in writing first.

Mr. UNDERWOOD. I suggest that we pass over this particular amendment until that can be done.

Mr. GRONNA. Then, Mr. President, I offer the following amendment—

Mr. LENROOT. Before we pass it over—

Mr. WADSWORTH. I think I have the floor.

The VICE PRESIDENT. The Senator from New York has the floor.

Mr. WADSWORTH. I will yield for the putting of a question, but not for the offering of an amendment. I yield to the Senator from Wisconsin.

Mr. LENROOT. I want to ask the Senator whether he can conceive of any possible purpose or object in having this subdivision in the bill except to repeal such restrictions as may be thrown around the situation by section 124 of the national defense act? Why should it be in the bill at all?

Mr. WADSWORTH. There is no reason whatever, Mr. President.

Mr. LENROOT. Then I would like to ask the Senator from Alabama whether he is willing to agree to a motion to strike it out?

Mr. UNDERWOOD. I understand it is necessary to have this section in the bill to enable the President at some future day to transfer the power at Muscle Shoals Dam, if it is ever completed, to this corporation, and that is the only desire.

Mr. LENROOT. Does the Senator think a proposition costing \$50,000,000 of new money should be transferred to this corporation without any return upon the capitalization of \$50,000,000 that the Government put in?

Mr. UNDERWOOD. If the Senator will allow me, I deny the statement the Senator from Wisconsin has kindly put in my mouth. It is not \$50,000,000; it is \$27,000,000. In the next place, I have not touched on the question of the capitalization. I merely say that at some future day the dam at Muscle Shoals, if it is ever built, should be harnessed up with this corporation, and I do not care to take the power out of the bill that would allow that to be done. Outside of that, I care nothing for what is in the section.

Mr. LENROOT. The Senator does know that it repeals restrictions and limitations now found in section 124 of the national defense act?

Mr. UNDERWOOD. As I said to the Senator, I state candidly that the only object I want to attain is to give the President the power at some future time, when the dam is finished, to work it in connection with this nitrate plant. That is my only purposes. If some other language that is not objectionable can accomplish that purpose, as far as I am individually concerned, I am perfectly willing to agree to it.

Mr. LENROOT. Why should not the corporation buy this water power, if completed, if it is going to be run upon a business basis?

Mr. UNDERWOOD. That is another problem.

Mr. WADSWORTH. I can answer the question, if the Senator wishes.

Mr. UNDERWOOD. I will say candidly, if the Senator wants me to answer it, that I would like to see this corporation make nitrogen as cheaply as possible. But I am not saying that that is not a disputed question which might come up.

Mr. WADSWORTH. May I say to the Senator from Wisconsin that the great advantage in having the corporation own the dam is that they can charge to the expense or the cost of producing the product a ridiculous price for the water power; and that is what they have done in these estimates.

Mr. LENROOT. Without returning to the Government interest upon the investment.

Mr. WADSWORTH. An example of it is found in these estimates. If there were ever silly business estimates, these are they. They state that they can put out this product at a certain price, and they give the items of cost. They leave out interest on the money still to be invested, they leave out insurance, they leave out deterioration of the plant, and they put the water power in at three-fourths of a mill per kilowatt-hour, when it is worth 4 mills. In other words, they leave out these items in order to crowd down the cost of producing this material and show a paper profit. There was never a more patent fraud against the taxpayers of this country than is contained in these estimates, upon which the Senate must base its judgment in passing the bill; and I shall have something to say about the people who made the estimates.



Mr. LENROOT. May I add that according to the engineers' estimates they would have to receive 4 mills in order to pay the Government 5 per cent upon its investment of new money.

Mr. WADSWORTH. Certainly. The testimony of the Government itself displays the fallacy of this thing from a business standpoint, and the misleading character of the estimates is self-evident.

Mr. POINDEXTER. Who made the estimates?

Mr. WADSWORTH. I can tell the Senator from Washington who made the estimates, and in doing so perhaps I would better read some quotations from a letter written by Mr. Glasgow to the Secretary of War, and also some quotations from a memorandum presented by Mr. Glasgow to the Secretary of War. I quoted from the letter very briefly yesterday, but there is a good deal more in it of interest. We will find out where these estimates came from, and what the men who made the estimates expect to do in connection with the corporation after it is started.

Mr. POINDEXTER. May I ask if the estimates were accepted and adopted as the basis of the consideration of the matter by the Secretary of War?

Mr. WADSWORTH. They are the basis of this whole legislation.

Mr. POINDEXTER. Were they accepted by the Secretary of War?

Mr. WADSWORTH. They were. Mr. President, I know it is hard to get attention to this thing, because it is a business proposition and no one cares much about business when the taxpayer's money is concerned. Under date of October 22, 1919, Mr. Glasgow addressed a letter to the Secretary of War, dating it from the Brighton Hotel, 2123 California Avenue, Washington, D. C., in which he discussed the future of the nitrate plants at Muscle Shoals, and after going into the thing rather exhaustively he urges upon the Secretary of War the wisdom of forming a Government corporation to take these plants over and operate them. He discusses at some length prices and costs and expresses it as his opinion that the best thing for the Government to do is to organize a corporation. I read paragraph 23 of that letter, as follows:

23. In other words, we recommend that a corporation should be formed to take over all of the fixed-nitrogen assets of the War Department, together with the funds obtained from Congress, and to perform all of the duties of administering these plants and funds in peace time, while continually enhancing their military value. There could be a nominal amount of common stock, of no par value, issued to the United States and held by the Secretary of War, in exchange for the fixed-nitrogen assets of the War Department, and 5 per cent preferred stock could be sold to the United States at par, from time to time as required, to provide the necessary additional funds of \$12,100,000 described in paragraph 21 above.

You will note the bill is built exactly upon these lines. Then he continues:

The Secretary of War would be chairman of the board. Mr. Roberts and Col. Burns might be president and vice president, respectively, as well as directors. The Chief of Ordnance might be another director. I should be willing to serve, if you wish it, as director—in Europe—and an additional vice president and directors could be appointed as the organization develops and important members materialize. All of the officers and directors would, of course, be appointed and removable by the Secretary of War.

That is just what is done in the bill. Now, Mr. President, I read from a portion of the memorandum sent to the Secretary by the same gentleman under the same date. In paragraph 5 he says:

5. The military members of the personnel of the fixed-nitrogen administration will be paid by the Army as heretofore, without charge to said administration, but the fixed-nitrogen administrator is authorized to pay to any Army officer such additional remuneration as he may deem advisable, subject to the approval of the Secretary of War if the total remuneration exceeds \$6,000 per annum.

It is provided in the act that that can be done. These are the people who drew the bill and made the estimates. I read again from the same letter:

6. The fixed-nitrogen administrator shall have full administrative and executive authority to carry out the policies approved by the Secretary of War, giving effect to the act of Congress approved (date?) and to this end shall have power, free of civil-service regulations, to employ, pay, control, and discharge the personnel; to fix individual remuneration not exceeding \$6,000 per annum; to repay employees their actual and appropriate expenses for traveling done by order of the administration; to pay appropriate expenses in connection with the exhibition of the plants and processes to governments, institutions, or individuals with whom we may desire reciprocal relations; and, in general, the same authority in the pursuit of efficiency which is enjoyed by the best administered manufacturing corporations. He is empowered to make or cause to be made all appropriate expenditures for the affairs, operations, plants, and properties of the fixed-nitrogen administration, and whatever extraordinary expenditures may be authorized by the Secretary of War; but not, in any case, to exceed the funds appropriated and available.

Mr. KING. Will the Senator permit a question?

Mr. WADSWORTH. Certainly.

Mr. KING. I was under the impression that there is a statute, either general or one in the military law, that forbids offi-

cers of the United States from receiving additional compensation.

Mr. WADSWORTH. Yes; but this would be passed later, and would supersede the prior statute.

Mr. KING. That is true. Then it is obvious that the purpose is to supersede existing law and permit officers of the Government to receive double compensation.

Mr. WADSWORTH. It is double salary for them, and the directors are already agreed upon and their salaries suggested to the Secretary himself.

Mr. POINDEXTER. May I ask if those men prepared the bill?

Mr. WADSWORTH. They prepared the bill and made all the estimates, and not one piece of information came to the Committee on Agriculture and Forestry from anyone else with respect to the business conduct of the organization, not one shred of testimony except from these same men; that is, testimony having to do with the dollars and cents side of the question.

Mr. KING. Were they officers, or at least some of them, who were employed in the Ordnance Department of the Government during the recent war?

Mr. WADSWORTH. Some were. The memorandum from which I am reading is a supposititious order issued by the Secretary of War, presented by Mr. Glasgow to the Secretary following the letter from which I quoted a moment ago. This is the kind of order which these people suggested should be issued by the Secretary of War. I have just read from it that portion of the order having to do with the extra pay for Army officers who may be directors or officers of the corporation. Here is another suggestion as contained in the supposititious order, gotten up by the authors of the legislation. The Senator from South Carolina [Mr. SMITH] never heard of this legislation prior to its introduction, nor did any Member of the Senate.

Mr. A. G. Glasgow—

Continues this supposititious order—

who as organizing fixed-nitrogen administrator has been the special representative of the Secretary of War in establishing this new department, has now returned to London, where he will continue to act as special representative (in Europe) of the Secretary of War in fixed-nitrogen matters. Mr. George J. Roberts, now special assistant to the Chief of Ordnance in charge of fixed-nitrogen matters and deputy fixed-nitrogen administrator, is hereby appointed fixed nitrogen administrator of the War Department. The annual salary of the fixed-nitrogen administrator during Mr. Roberts's incumbency shall be \$12,000.

Mr. POINDEXTER. I would like to ask the Senator from New York if there is anything in the bill that would prevent the Secretary of War from practically putting into effect what he has just read as an order?

Mr. WADSWORTH. The bill specifically authorizes it, and most of the War Department witnesses who came before the Committee on Agriculture and Forestry were the men who were to be the beneficiaries of the supposititious order.

Let us read some more from this order:

The fixed-nitrogen administrator is authorized to appoint Col. J. H. Burns deputy fixed-nitrogen administrator, with such powers as he may depute to such deputy, at a total remuneration of \$8,000 per annum; and to use, alter, reduce, or develop the organization of the former nitrate division (including the fixed-nitrogen research laboratory) as he may deem necessary to secure the most efficient results from the nitrate plants.

Mr. Roberts and Col. Burns were the principal witnesses before the committee. Mr. Glasgow could not appear before the committee because shortly after writing the letter to the Secretary of War—well, I will quote from his letter in order that we may see what happened:

I have to be urgent because I am sailing for London November 1.

There is nothing before the Senate in the way of a discussion of the dollars and cents side of the problem, except that presented by Mr. Roberts and Col. Burns and Col. Gaillard. I do not know how it happened that they left Col. Gaillard out of this list of officers, but they did. Not one of these men ever ran a nitrate plant. Mr. Roberts has never been in the business, Col. Burns has never been in the business, Mr. Glasgow has never been in the business. Col. Gaillard was employed by the American Cyanamid Co. at one time, and upon the outbreak of the war very properly took a commission in the Ordnance Department and did good service there. I am not criticizing these gentlemen at all. I know them all. I am acquainted with Mr. Glasgow, but I have heard him discussed upon the floor of the Senate as "this great expert." He has never had anything to do with the business and is not an expert.

Mr. POINDEXTER. But he is willing to be the European director.

Mr. WADSWORTH. Yes; he is willing to be the European director. Mr. Roberts has been described as "this great engineer." He is not an engineer. He never had anything to do



with this kind of business, either the designing of plants or the estimating of the costs of producing the material. Col. Burns has been described here as "this great expert." He never had anything to do with the nitrate business. The only gentleman who has had anything to do with the atmospheric fixation of nitrogen is Col. Gaillard. He joined in the recommendations and he appeared before the Committee on Agriculture and Forestry of the Senate and testified that the cyanamid plant at Muscle Shoals had been operated for two weeks to see whether it would work in the turning out of cyanamid. It was a test operation. It cost them \$168 a ton to produce cyanamid. Mr. Gaillard, I think, testified that he was not present during the test.

On the figures presented by these men, who are to be taken care of on high salaries under this corporation, it is now proposed that the Senate of the United States, trustees for the people of the country and for their money, shall turn over property worth \$140,000,000. It is the most astounding proposal I have encountered in my legislative experience.

Mr. LENROOT. Mr. President—

Mr. WADSWORTH. I yield to the Senator from Wisconsin.

Mr. LENROOT. There was one other witness who appeared before the committee, I think, referred to in Mr. Glasgow's letter, a certain Col. Joyes, who the committee reported made what they termed the unconscionable contract with the Alabama Power Co.

Mr. WADSWORTH. He did not testify as an expert.

Mr. SMOOT. Mr. President, I wonder whether we can not have the Members of the Senate present to listen to these facts, because I know they are facts, and let them then determine whether there shall be a majority of the body who will vote for the measure.

Mr. WADSWORTH. That would not do a bit of good. The bill provides an opportunity to get something for nothing at the expense of the people, and it will go through.

Mr. SMOOT. I am afraid that it will.

Mr. WADSWORTH. It makes more jobs, it makes more places, and distributes more public money.

I have an amendment which constitutes a desperate effort to save something for the people of the country out of this wreck. I have mentioned it before, but I have not brought it to a distinct discussion. The corporation, under the provisions of the bill as drafted, is going to take over all these properties and, as we have learned from absolutely reliable and conclusive sources, the properties will have cost \$140,000,000. If the Wilson Dam is finished according to the present estimate—which may still further increase—\$140,000,000 is a conservative estimate of the investment of the people of the United States in the enterprise.

Under the bill there is no obligation imposed upon the corporation to earn more than 5 per cent on a capitalization of \$12,500,000. They may take the property of the people, which belongs to the people and not to the Government, and run it at a vast annual loss, just the way the merchant marine is being run to-day by the Shipping Board, just the way the War Department is to-day operating barges on the Warrior River, on the Mississippi River, and on the New York State Barge Canal, at large annual losses. I propose to attempt to put the thing upon a business basis. As I said the other day, I am perfectly willing to wipe out or write off 50 per cent of the cost of the nitrate plants on the ground that they were built during the war and were necessarily exceedingly expensive, and that it would not be fair, from a strictly business standpoint, to compel them to be capitalized at the full cost. We have spent about \$100,000,000 to date.

The amendment which I propose to the bill is as to the capitalization features of it. It will provide that the corporation shall issue bonds in the first instance representing 50 per cent of the cost of the structure now finished, and that if any more structures are turned over to it or more building is done, including the dam itself, more bonds shall be issued, but in that case the bonds shall be equal to the actual expenditure; that such bonds shall bear 5 per cent interest; and that if at the end of any fiscal year this business corporation has not earned a sufficient sum to pay interest upon the outstanding bonds, it shall forthwith cease operations and shall not resume until so authorized by the Congress. Assuming a cost of \$100,000,000 up to date, the initial bond issue would be \$50,000,000 under my amendment. If the dam and its subsidiary works and power houses are turned over upon completion three years from now to the corporation, then the corporation must issue additional bonds covering the completed cost of the dam or any other structures or facilities that may be turned over to it. Is there a business man in the Senate who would contend against a proposal of that kind?

Mr. WOLCOTT. Mr. President—

Mr. WADSWORTH. I yield to the Senator from Delaware.

Mr. WOLCOTT. To whom does the Senator propose that the bonds shall be issued?

Mr. WADSWORTH. To the United States Government.

Mr. WOLCOTT. From the corporation to the Government?

Mr. WADSWORTH. Yes, sir.

Mr. WOLCOTT. Under the Senator's plan what is there to restrain the corporation from meeting the 5 per cent and then charging that 5 per cent in against the operating costs of the plant, thus circumventing the purpose which the Senator's plan would have in mind?

Mr. WADSWORTH. Mr. President, this is the way in which the amendment reads in that regard:

If at the end of any fiscal year the corporation shall not have earned sums sufficient to meet the interest on said bonds as evidenced by audit of the accounts of said corporation by the Secretary of the Treasury—

They would have to corrupt the Secretary of the Treasury before they could do what the Senator from Delaware suggests they might do—

the corporation shall forthwith cease operations, and shall not resume until authorized so to do by the Congress.

Mr. WOLCOTT. Of course, the Senator means the corporation must have earned net enough to pay.

Mr. WADSWORTH. Yes; net.

Mr. WOLCOTT. Does the Senator's amendment cover that? Does it provide that the net earnings must be 5 per cent?

Mr. WADSWORTH. That is a good suggestion of the Senator from Delaware. I will consider adding the word "net."

However, here is the situation, Mr. President, and any business man can understand it. The bill comes here based upon fraudulent estimates. I do not say that they were intentionally fraudulent, and perhaps I should withdraw the word "fraudulent," but they are estimates that are entirely deceiving; they are not worth the paper on which they are written. There have been deliberately omitted in the estimates of cost the items of insurance, deterioration, interest on money yet to be spent, and the water power has been put in at one-fifth of its value. Further than that, Mr. President, common labor has been estimated at \$2.80 a day, at 35 cents an hour for an 8-hour day, whereas Gen. Taylor has testified before one of the House committees that common labor is getting \$3.60 a day in that region. The thing is so undefensible that I should think it would rile the sensibilities of even the Senators who a little while ago evidenced their support of the bill.

Mr. WOLCOTT. Will the Senator from New York yield?

Mr. WADSWORTH. I yield.

Mr. WOLCOTT. Will not the amendment which was adopted a while ago providing, if not directly, in substance, that the corporation should sell directly to the consumer increase the cost of operation?

Mr. WADSWORTH. It will increase the cost of operation.

Mr. WOLCOTT. Because that will involve the maintenance of a retail organization, so to speak.

Mr. WADSWORTH. It will involve the maintenance of a retail selling organization.

Mr. WOLCOTT. If my impression is correct, as a rule, or very frequently, the farmers who purchase fertilizer give their notes for the purchase price.

Mr. WADSWORTH. They do. Ordinarily it can not be sold to them otherwise than on notes.

Mr. WOLCOTT. So that the corporation, if it is to meet the spirit of the amendment, will have to take the notes of the farmer, which means that the corporation will have to have an additional working capital and an additional clerical force; and the adoption of the amendment would, to an extent at least, increase the cost per ton of the manufactured product.

Mr. WADSWORTH. The adoption of the amendment of the Senator from South Carolina and the Senator from Georgia will certainly increase the cost of operating the plant.

Mr. STANLEY. Will the Senator yield to me?

Mr. WADSWORTH. I yield to the Senator from Kentucky.

Mr. STANLEY. My understanding is that there is no provision in this proposed act—and its author has expressly so stated—for selling in small quantities at retail, for the reason that it was desired to exclude the item of a retail agency.

Mr. WOLCOTT. The Senator from Kentucky could not have been present when the Senate adopted the amendment to which I have referred.

Mr. STANLEY. I was here when the amendment was adopted.

Mr. WOLCOTT. I say the spirit of the amendment is that the corporation shall sell to the consumer.

Mr. WADSWORTH. That is retail business.

Mr. WOLCOTT. If it does not mean that, it means nothing.



Mr. STANLEY. The Senator from South Carolina stated—and it is true—that it was anticipated under the amendment that a great number of farmers would buy the fertilizer in large quantities; in carload lots, for instance. The amendment was designed to enable the farmer, if he cared to do so, to buy in large quantities directly from the producer. There is no purpose of starting a retail agency.

Mr. WOLCOTT. Will the Senator from New York yield to me further?

Mr. WADSWORTH. I yield.

Mr. WOLCOTT. I think if the corporation is to be set up to do a manufacturing business it is entirely proper, in fact it is desirable, that it should be permitted to sell directly to the consumer and thus eliminate the middleman, who stands between the manufacturer and the consumer of fertilizers; but the fact remains, if that desirable thing shall be done, that the cost per ton will necessarily be increased by the doing of that very desirable thing.

Mr. STANLEY. Mr. President, the Senator from Delaware did not apprehend what I meant to say. The conditions governing the sale of fertilizers are such that great quantities of the fertilizer can go to the warehouse directly without the intervention of any retail agency. The users of the fertilizer buy it in large quantities. A farmer who tills several hundred acres of land can use a carload, or several farmers together can secure carload lots. There are cooperative associations all over the Southern States and elsewhere that use the character of fertilizer which will be produced and that will be able to buy directly from the plant. It will not be necessary to go to the additional expense of establishing retail selling agencies in order to reach the consumer.

Mr. WADSWORTH. This is a matter upon which we have no testimony whatsoever; but there are a number of Senators who do not care whether there is any testimony regarding it. We are acting absolutely in the dark. The Senator from Kentucky indicates that there will be no intermediate cost in shipping fertilizer from the Muscle Shoals plant by carload lots direct to the consumer. There will be the cost of collection, for it is not nearly so cheap to make 10,000 collections as it is 10. How much that cost is going to be nobody knows. It is very easy to vote to do these things with other people's money; to put \$140,000,000 into the hands of a corporation and not even know what kind of business they are going to do; but there is no Senator here who would put his own money in this venture.

Mr. KING. Mr. President—

Mr. WADSWORTH. I yield to the Senator from Utah.

Mr. KING. With the permission of the Senator, I should like to ask if selling direct to the consumer would not involve necessarily the construction of large storehouses for the purpose of caring for the product and holding it until it may be called for from time to time by agriculturists throughout the United States?

Mr. WADSWORTH. I do not know.

Mr. KING. And if it would not necessitate a large administrative force?

Mr. WADSWORTH. I do not know.

Mr. KING. And would not the spirit, to use the expression of the Senator from Delaware, of the amendment recently adopted, if not the letter of it, really require the placing of the product at the disposal of the small farmer rather than at the disposal of cooperative organizations such as suggested by the Senator from Kentucky? Would not the plan contemplated by the amendment impose upon the corporation the expense of thousands and hundreds of thousands of dollars per annum to provide selling agencies for the purpose of distributing the product?

Let me say to the Senator before he answers the question, if he cares to answer it, that I have heard suggestions made from time to time that in anticipation of the passage of this bill the Department of Agriculture, or at least some persons directly or indirectly connected with the Department of Agriculture, are already arranging for the distribution, through the Farm Bureau agencies in the various counties throughout the States, of the product of the Muscle Shoals plant. So unquestionably a little later on, if this bill shall pass, the effort will be made to tie the Agricultural Department to the corporation and to use various agencies of the Government to distribute the product to the ultimate consumer, to every farmer in every section of the United States, and thousands of employees of the Government—and many more will be added to the roll—will be utilized for that purpose.

Mr. WADSWORTH. Mr. President, I do not think the Senate realizes the extent of this proposal. It is staggering in its possibilities. The corporation can set up under the terms of this

bill the greatest Government monopoly in the world. It can crush and destroy anybody and everybody, and it can spend just as much of the taxpayers' money as it desires to spend for any purpose, so long as it can persuade Congresses of the future to make appropriations to meet the deficiencies. Senators all know how difficult it is to deny a deficiency item after Congress has authorized an undertaking.

Mr. WOLCOTT. Mr. President, did the Senator ever know of a deficiency item that was disallowed by Congress?

Mr. WADSWORTH. Not in my recollection, and especially when Congress has authorized a certain project to be carried on.

Mr. WOLCOTT. That is what I mean. I have been a Member of Congress, of course, only a comparatively short time; but I was wondering the other day if there was any instance in the whole history of the congressional legislation of this country when Congress has declined to authorize a deficiency item incurred by an authorized project or venture. May I ask the Senator from Utah [Mr. SMOOT] if he knows of any such instance?

Mr. SMOOT. Not during the last 18 years, I will say to the Senator.

Mr. WOLCOTT. That covers the period of the Senator's service?

Mr. SMOOT. Yes.

Mr. WOLCOTT. So I think I am safe in saying that if the nitrate project at Muscle Shoals shall be adopted as a governmental project, we will be in that business and will hereafter pay all the bills, whether they are authorized in the first instance, or whether they come to us by way of a deficit or a deficiency.

Mr. WADSWORTH. We will do that unless my amendment is adopted stopping automatically the operation of the corporation when it becomes unable to pay its debts.

Mr. WOLCOTT. Then would we not, may I suggest to the Senator from New York, be in this situation: We would have the same arguments put forward here in this body to revive the operation of the corporation that we are hearing in connection with the proposition to originate it, and, on top of that, there will be the additional argument that we have invested \$50,000,000 more and can not let it go? Would not Congress, notwithstanding the safeguard the Senator's amendment seeks to throw about this proposal, be compelled to continue it? We would be helpless to stop it.

Mr. WADSWORTH. Mr. President, the suggestion of the Senator from Delaware brings up a great many possibilities, and I dare say that his forecast is an accurate one; but, nevertheless, I should like to see the evil day postponed by the adoption of the amendment. The same argument the Senator says will be produced 10 years from now is being advanced to-day in the Senate. The argument is, "We have invested all this money and therefore we must not stop spending money. The only way to go on is to go on and spend more," and nobody seems to care whether it is throwing good money after bad or not.

Mr. SMOOT. And after we put \$140,000,000 in the plant, then it will be said "certainly we should not lose that amount."

Mr. WADSWORTH. Yes; it will be said that we need a hundred million dollars more.

Mr. SMOOT. They will want \$140,000,000 more.

Mr. POINDEXTER. Mr. President—

Mr. WADSWORTH. I yield to the Senator from Washington.

Mr. POINDEXTER. The Senator says his amendment will automatically stop the operation of the corporation when it becomes unable to pay its debts; but, under the operation of the general principle just stated by the Senator from Delaware, the Government then would have to pay its debts, for the debts which caused the corporation to cease its activities would then become a deficit, and the Government would have to pay them regardless of their amount.

Mr. LENROOT. Mr. President—

Mr. WADSWORTH. I yield to the Senator from Wisconsin.

Mr. LENROOT. I should like to ask the Senator from New York whether he remembers the fact that the Glasgow letter, which he holds in his hand, recommends that two and a half million dollars of the twelve and a half million dollars shall be set aside for the purpose of paying losses in the first three years of the operation of the plant?

Mr. WADSWORTH. Certainly; that is while the plant is being operated by steam power. It is estimated that they are going to lose two and a half million dollars for the first three years by running on steam power. We all know that the dam will not be finished for three years; and yet the majority of the Senate persists in going ahead and incurring a loss of two and a half million dollars to the taxpayers of the United States.



They like to go ahead because the going looks good just at this particular time.

Mr. KENYON. Mr. President, I presume when the amendment to the sundry civil bill providing an appropriation of \$10,000,000 for this dam is proposed it will be argued that we should adopt such an amendment because of the passage of this bill.

Mr. WADSWORTH. Certainly; the argument will be that this corporation bill having been acted upon favorably, we must appropriate \$10,000,000 for the dam. There is no end to the thing. It runs in a vicious circle, and at every point in the circle the taxpayer is fleeced.

Mr. STANLEY. Mr. President, will the Senator yield?

Mr. WADSWORTH. I had hoped to proceed with my remarks. They will not be very long. I hope to get some action on this amendment.

Mr. STANLEY. Just for this remark: The Senator made the statement that it is admitted that the plant would lose \$2,500,000 the first three years in the event it were operated with steam power. Would the Senator mind telling me on what basis he makes that statement? I do not mean to question the statement, but I should like to know upon what testimony he bases it.

Mr. WADSWORTH. I can not turn to it at this moment.

Mr. LENROOT. I have it—not the \$2,500,000, but this is what Mr. Glasgow says.

Mr. WADSWORTH. The inference is that they will lose it.

Mr. LENROOT (reading)—

In common with the creation of any new industry, the Muscle Shoals enterprise must sustain initial losses. These are provided for by the "general purposes fund," described in paragraph 20.

And paragraph 20 sets aside \$2,500,000 for this purpose.

Mr. WADSWORTH. They estimate that that is necessary to cover the probable losses.

Mr. STANLEY. That is, in the event of loss.

Mr. WADSWORTH. They estimate that that is a necessary sum to be set aside.

Mr. STANLEY. Is that from the Glasgow letter?

Mr. LENROOT. Yes.

Mr. WADSWORTH. Mind you, may I say to the Senator from Kentucky, we do not know anything about this thing except what Mr. Glasgow and his colleagues have told us. There is no other testimony about dollars and cents.

Mr. STANLEY. In that connection, Mr. Glasgow makes the calculation that we will make \$2,900,000 by operating this plant without steam power.

Mr. WADSWORTH. No; with water power.

Mr. STANLEY. With water power; that is what I say.

Mr. WADSWORTH. And when he did that he left out all those items that I reminded the Senator of a moment ago, and which every business man knows can not be left out, to say nothing of taxes. That estimate is not worth the paper it is written on.

Mr. President, there is just one more phase of the dollars-and-cents side to which I should like to refer.

There appeared upon my desk yesterday a memorandum submitted by the Koppers Co., builders of by-product coke and gas oven plants, benzol-recovery plants, and tar-distilling plants, its address being Union Arcade, Pittsburgh, Pa. I do not know anything about this concern, but I imagine that a good many Senators have received this same memorandum, having to do with the production of ammonium sulphate in by-product coke ovens.

I find some very interesting statements here which bear out in part, at least, some of the testimony before the committee as given by Dr. Whitney, of the Agricultural Department. It has a very distinct bearing upon the possibilities of this Government corporation ever being able to make a penny, even if they do underestimate labor by 80 cents a day, as they have done; even if they do cut their water-power costs by five, as they have done; even if they do leave out insurance, as they have done; even if they do leave out deterioration, as they have done; and even if they do leave out interest on money still to be spent, as they have done. They have left out all those things, and with those out I do not think they can make a profit.

I find here that this memorandum states, and I imagine the figures are reliable:

The by-product coke industry is now the principal producer of ammonium sulphate, which is one of its most important by-products. The American industry is now making about 400,000 tons of ammonium sulphate per year.

Mr. WILLIAMS. Mr. President, I have just come in, and I have not caught the connection. Who is saying all of this that the Senator is reading?

Mr. WADSWORTH. This is a memorandum which has been sent to several Senators, I think—one appeared upon my desk—by a concern which manufactures by-product coke ovens.

Mr. WILLIAMS. And who would be competitors of this Muscle Shoals concern in the market?

Mr. WADSWORTH. I assume so.

Mr. WILLIAMS. Yes.

Mr. WADSWORTH. Still, it has some bearing upon whether this concern of ours, the United States Government, can meet this competition.

Mr. WILLIAMS. Oh, there is no doubt about it. It has an immense bearing if you take it unbiased, or if you believe it is true, either one.

Mr. WADSWORTH. It is true, because that figure of 400,000 tons is about 100,000 tons less than Dr. Whitney, of the Department of Agriculture, testified was being produced in this country this year. He testified to 500,000 tons, and he estimates that within 10 years the production will rise to 900,000 tons of ammonium sulphate annually, upon which this plant is dependent, and it will all be produced as the by-product of coke ovens.

Mr. WILLIAMS. Mr. President, if that be true—and of course I am not disputing the superior information of the Senator from New York; I know him so well, and I know so well his habits of inquiry—but if that be true, then these people in a free and competitive market with the Muscle Shoals corporation could beat them to a finish, could they not?

Mr. WADSWORTH. I think so.

Mr. WILLIAMS. Now, if they could beat them to a finish, whence the anxiety of the Senator from New York to keep them from having an opportunity to compete?

Mr. WADSWORTH. Mr. President, I have some anxiety for the taxpayers of this country, the people who contribute into the Treasury the money that is going to be spilled out and wasted in losing money in this corporation. We have put in \$100,000,000 already.

Mr. WILLIAMS. Do I understand that the Senator's only motive, then, is the amount of the appropriation?

Mr. WADSWORTH. No; my motive is, if I can, to prevent the Government going into a commercial business in which it is bound to lose money.

Mr. WILLIAMS. I beg the Senator's pardon, but the Government, by his own statement, will not lose money. It may lose sales to the farmers and other people, but in the meanwhile it will be making munitions of war.

Mr. WADSWORTH. No; it will not be making munitions of war. How can it make munitions of war if the plant is going to be fixed over to make ammonium sulphate in form to be put into fertilizer?

Mr. WILLIAMS. Ah! It will not be fixed to make nothing but that. It will be fixed to make that in a certain sense, but it will not be fixed to do nothing except that.

Mr. WADSWORTH. That is true.

Mr. WILLIAMS. And the Senator is not going to tell me, he and I having the degree of mutual confidence in one another that we have, that this plant will be helpless to do anything except that.

Mr. WADSWORTH. Oh, no; I do not mean that.

Mr. WILLIAMS. The Senator is not going to tell me that.

Mr. WADSWORTH. No.

Mr. WILLIAMS. Now, the prime object of it all is to make this thing for the Government as a matter of military defense.

Mr. WADSWORTH. No; I do not grant that assumption.

Mr. WILLIAMS. And all the balance of it is what we might call by-product. Now, suppose they lose on the by-product. Why should the Senator be so uneasy, representing all these people who he says are going to make the by-product cheaper—

Mr. WADSWORTH. I do not represent anybody that is going to make the by-product. I do not think there is a coke oven in my State.

Mr. WILLIAMS. I beg the Senator's pardon. I did not mean representing them; I meant quoting from them.

Mr. WADSWORTH. Very well.

Mr. WILLIAMS. In the Senator's argument he has quoted from all those people. When I said "representing," I did not mean that he was representing them in any personal or political relation. I merely meant that his argument was representing them, and his argument so far has represented them. Now, why should he be so uneasy about them, if this is such an easy game?

Mr. WADSWORTH. That is what it is meant to be.

Mr. WILLIAMS. Yes; and if it is so easy that they can whip it to a finish in the first six months of competition, why worry about it? Now, really, back of it all is there not some degree of doubt in the Senator's mind as to whether they could whip them to death?

Mr. WADSWORTH. Unless the Government subsidizes this plant, subsidizes the commercial business into which it is en-



tering, I do not believe it can meet the competition of the by-product coke ovens. Of course, it can meet any kind of competition anywhere if it is willing to subsidize itself.

Mr. WILLIAMS. Oh, there is not any doubt about that, and as to that I agree quite with the Senator—that whenever the Government chooses to go into business and exercise its sovereign power against private industry, the Government must succeed and private industry must go to the wall; but that is not the question here. After all is said and after all is done, suppose we should have another war. I do not want any more. You do not want any more. Nobody does; but suppose we should. Where are you going to find the explosive stuff that is necessary to carry it on unless the Government is going to have it in advance?

The Senator's argument reminds me just a little bit of an overseer I had on a plantation once. He was trying to prove to me that it was cheaper to hire men at \$2.50 a bale to haul cotton to the market than it was to use my own wages squad and my own wagons and my own mules. He computed how much the wear and tear upon my wagons was, and how much it would cost to feed and hire my mules at so much a day—of course, they were not costing me that, because I owned the mules—and how much the wages hands would cost per day if I had to hire them; and after he got through with it all I said, "John, the truth about this is that if I pursue your policy I will be \$250 cash out of pocket, and if I do not pursue it I will save the cash."

Now, the Senator's chief quarrel with this is that the Government does not count the interest on the plant.

Mr. WADSWORTH. That is only one of several items.

Mr. WILLIAMS. And that the Government does not count what it has actually supplied of one description or another, and especially interest on the plant, and the dividends that might be gained by private industry; and yet we have that thing there, and we have nearly completed it, and it requires a few more dollars, comparatively, to put it into operation.

Mr. WADSWORTH. Mr. President, I do not know where I left off. I was discussing the possibility of this enterprise competing with the by-product coke ovens. I do not think it can do it unless the Government is willing to subsidize the plant; in other words, unless we are all willing, as Members of the Congress, as trustees of the funds of the people, to appropriate money every year to meet deficits in the management of this plant.

The Senator from Mississippi said a good deal about preparedness. This plant will produce about 110,000 tons of ammonium sulphate per year. That is the product which will be the most valuable in the manufacture of explosives. That amount per year would not be one-twentieth, one-thirtieth, of what would be necessary to supply the armies of the United States for a year in a war anything like the last one.

Let me suggest to the Senator that, conceding, as I think he must, that this plant can not produce ammonium sulphate as cheaply as the by-product coke ovens, it must therefore be necessary to subsidize it, to permit it to lose money, and to pay it in deficiency appropriations. The instant you do that, and establish the policy of a Government subsidized commercial business, no one else will go into the business. You will not get another coke oven built. You will not get anybody else to go into the business of atmospheric fixation of nitrogen. Why would they, if they are going to be met with such competition? When you have done that, you have reduced the resources of the United States for its national defense down to the Government plant alone, or what the Government is willing to let live elsewhere.

I am just as much a devotee of preparedness as the Senator from Mississippi, and perhaps even more, upon occasion, and as a devotee of preparedness in this country I say that this bill as drawn strikes a deadly blow against it, because it discourages private industry from branching out and increasing its business, those industries upon which the Government must, in the long run, depend in time of war for the great bulk of its supplies. You never can get a Government monopoly large enough in time of peace to produce all the munitions of war needed in time of war.

Mr. WILLIAMS. Mr. President, I quite agree with that; nor do I desire to see that done. If we could get a Government monopoly large enough to produce everything the United States Government would need in the shape of explosives in time of war, we would have a gigantic plant which would overshadow the entire country. But what I am thinking is that the Government itself should have somewhere a producer of these things that should furnish a productive element to stop and check private profiteering.

I am quite willing to agree with the Senator from New York that this plant can not possibly produce all the explosives the

Government of the United States might need in another World War. I am quite willing to agree with him that it could not produce over one-tenth of what we might need. I think he said one-twelfth or one-twentieth. But let that go as it may. The Senator must understand the immense importance of having somebody in the market producing at the least price that the Government can secure the supplies that the Government must have for war purposes, and thereby holding a check upon private profiteering in this business.

The Senator might say in answer to that that the private companies producing all these things which the Government might need would compete with one another to a sufficient point to obviate the objection I have just made. But the history of the late war shows that that is not true, and a knowledge of human nature also shows that it is not true.

Outside of what this plant can give incidentally to the agriculture of the country, there is the point that they can make these explosives for the Government and can ascertain what their cost is, and that that cost price must have its influence in the competitive market if we ever go to war.

Mr. WADSWORTH. Mr. President, I offer the amendment.

Mr. STANLEY. May I ask the Senator from New York a question which I think is very vital to this discussion?

Mr. WADSWORTH. Certainly.

Mr. STANLEY. What does the Senator from New York consider the cost of production of a ton of sulphate of ammonia by a by-product coke oven? What is the cost of the production in a coke oven?

Mr. WADSWORTH. I asked that question of the Senator from Kentucky about a week ago, and he gave it to me as about 16 cents a pound, as I recollect.

Mr. STANLEY. I beg the Senator's pardon; I said there were about 16 pounds of sulphate of ammonia in a ton of coke. In reducing a ton of coal to coke there is exhaled from the coal in the process, among other things, 16 pounds of sulphate of ammonia.

Mr. WADSWORTH. Does the Senator contend that this plant can produce it as cheaply as a by-product coke oven?

Mr. STANLEY. I think that is the gist of the whole thing. I contend that nobody knows what it costs to produce a ton of sulphate of ammonia.

Mr. WADSWORTH. Why did the Senator ask me, then?

Mr. STANLEY. Because I say I do not know. I do not believe it is ascertainable, but I understood the Senator to say that we could not produce a ton of sulphate of ammonia in this plant as cheaply as they produce it in a coke oven. If the Senator made that statement, he would have to know, a priori, what the cost was, or he could not have made the comparison.

Mr. WADSWORTH. Mr. President, of course I am not in either the atmospheric fixation of nitrogen business or the coke-oven business; but no one can tell me that this plant, built as it is, and with this cyanamid process, can turn out ammonium sulphate, in a legitimate business way, as cheaply as a by-product coke oven can, which turns it out automatically. The Government must have had some such idea as that in mind, because it urgently invited industries all over the country, where facilities were available, to build by-product coke ovens, and hundreds of them were built, and the Government got large amounts of ammonium sulphate from those coke ovens. The indications are that there will be no more beehive ovens built in this country, or very few, the value of the by-product ovens being so much more because they produce all these by-products.

Mr. STANLEY. It is 50 per cent greater.

Mr. WADSWORTH. Fifty per cent greater. Of course, the Government can compete with them by extending a subsidy to this corporation. If it does that, then it stops any future development of the by-product coke industry in the manufacture of ammonium sulphate, and you have done an injury to preparedness rather than rendered help, because the Government can not make all these things itself.

My amendment is merely for the purpose of securing this corporation upon a business foundation and seeing to it that it conducts its business in a way at least approximating the way that individuals are compelled to conduct their business; in other words, to earn something on the investment; that is all. Then it will not destroy other businesses, and it will not rob the taxpayers.

Mr. KING. Mr. President, if I correctly understood the position of the able Senator from Mississippi [Mr. WILLIAMS], he would justify the measure before us upon the theory that the Federal Government should have a check upon those who produce commodities which it is compelled to purchase. The Government, in times of war at least, requires explosives, and therefore in order to prevent profiteering in that commodity it should construct powder plants and explosive factories and manufacture not only in war times but in peace times powder



and other explosives. There is much to be said in favor of the proposition that the Government should manufacture war munitions and explosives for its own use. However, I think experience has demonstrated that economies are not obtained by governmental ownership and operation of plants and factories for the manufacture of powder or war munitions. The recent experience of the Government in the manufacture of airplanes, ordnance, and other products required by it in the prosecution of the war furnish no argument in support of the proposition that money may be saved to the Government by its undertaking these various enterprises. The Ordnance Bureau of the Government literally spent billions of dollars, and it can not be contended that its operations were satisfactory in any particular. There was not only lack of achievement, but there was waste and inefficiency.

Reference has been made to the Shipping Board as an illustration of the waste and extravagance and incompetency which attend governmental ownership or control or operation of those matters which properly come within the domain of private endeavor. Of course, there are some undertakings which must be controlled by the Government. But even those matters which are purely of a governmental character are controlled and directed at great cost and with results entirely disproportionate to the benefits derived. The record of the United States would not seem to indicate the wisdom of maintaining large governmental manufacturing plants for the production of explosives in peace times. If explosives and war material are produced in excess of the requirements of the Government in peace times, they are either wasted or they must be thrown upon the market and be absorbed in the commercial transactions of the people. Even if the Government in war time erects plants for the manufacture of powder and other explosives, it is questionable whether such plants should be operated in peace times other than for the production of a sufficient quantity of explosives for the peace requirements of the country.

It is a matter of common knowledge that neither in war times nor in peace times can the Government operate munition plants as cheaply as can individuals or corporations. The frightful expense of bureaucracy and Government operation and control of business is revealed in substantially everything which the Government undertakes. Government in the United States is a very costly undertaking. Our cities and States, and the Federal Government itself, are burdened in a most oppressive manner in order to obtain sufficient revenue to meet current expenses. We have in this country a bureaucracy which puts to shame the bureaucratic forms which we so often criticize in other countries, and if the Federal Government, in addition to the discharge of legitimate functions of government, shall undertake business operations and engage in commercial activities, the army of Federal employees will be increased beyond number, and the oppressive burdens of the present and the past will be regarded as but silken threads measured by the heavy clanking chains which a triumphant bureaucracy, with its attendant evils and vices and extravagances and burdens, will press upon the people.

Democracy means a government of the people, not a government of officeholders and a government for and by officeholders. A democracy does not mean a government which controls the private business of the people or which enters into those fields of activity which must, among a progressive and enlightened people, engage the efforts of individuals. It is true we are drifting toward paternalistic government, and socialistic schemes are being devised and advocated with earnestness, and persistent efforts are made to secure their adoption by the Government. Following war, and during periods of readjustment and when business is disordered and discontent is abroad in the land, clamorous appeals for paternalistic propositions become more frequent, and those appeals are often pressed with a zeal, and, indeed, with a fury that make them well-nigh irresistible.

We should examine with the utmost care propositions which involve a departure from the paths of safety, which commit the Government to intervention in enterprises which in the past have been the concern of private endeavor. If the position of the distinguished Senator from Mississippi is correct, and the Government should engage in business undertakings for the purpose of checking profiteering in those articles or commodities which the Government from time to time requires, then it can not halt when it shall have constructed plants to manufacture explosives.

The Government requires iron and steel. It is known that most of the iron mines in the United States are owned by a limited number of individuals and corporations. Shall the Government acquire iron mines and operate them in order to hold a check upon those who mine and sell iron ore? Shall it erect

steel plants for the purpose of producing the steel required for the battleships and in the construction of guns and other munitions of war? The Government requires clothing for the Army and Navy. In order to prevent extortionate prices being charged by the manufacturer of cloth, wool, and cotton, shall the Government construct woolen factories and cotton factories and other plants in order to produce the clothing required? If this argument be valid, then the Government likewise, in order to keep a check upon the price of wool, should engage in the sheep business, and that would require the ownership of lands, the erection of warehouses to protect the wool, and a multitude of other incidental and ancillary enterprises. Shoe factories would be required to check profiteering in the sale of shoes. Lead and copper are required.

Therefore, in this view the Government would be required to operate lead and copper properties and erect smelters to treat the ores. It seems to me the argument of the Senator proves too much. If carried out logically, it would commit the Government to practically every undertaking which commands the attention of the American people.

Mr. President, I am as anxious as any Senator that agriculturists shall obtain fertilizer at as cheap a price as possible. I have no sympathy with individuals or corporations who try to restrain trade or prevent or destroy competition or form trusts and monopolies. Upon a number of occasions in this Chamber I have denounced trusts and corporations which seek to prevent competition. I have urged that the Sherman antitrust law should be strengthened, and that, as amended, it should be vigorously enforced. I believe in the competitive principle and can not too strongly condemn those who seek to destroy it.

I have repeatedly declared that if trusts and combinations in restraint of trade and organizations for the curtailment of production and the destruction of competition were permitted to go unchecked, it would force a change in our economic policy and lead to the assertion by the Federal Government of a drastic and perhaps oppressive control over the private enterprises of the American people. Undoubtedly, during the war, trusts and combinations rather brazenly preyed upon the people. The Sherman antitrust law and the Clayton Act and the Federal Trade Commission act, if vigorously enforced, can do much to free the fields of private endeavor and of business activity from combinations in restraint of trade or which seek to prevent competition. If there are fertilizer trusts, they should be prosecuted, and all other combinations or organizations which are denounced by statute should be proceeded against. The States should vigorously act against combinations of the character referred to. The Federal Government and the State governments are not impotent to deal with trusts and conspiracies in restraint of trade. Those who violate the law should be prosecuted and fined and imprisoned, and offending corporations should be dissolved.

Mr. President, in my opinion the passage of the measure before us will not only be unwise but it will constitute a dangerous precedent. Moreover, no benefit would result to the American people. Those who believe that this measure, if it becomes a law, will prove of benefit to the agricultural interests are, in my opinion, mistaken. If the proposition had been submitted that the American people were to spend at Muscle Shoals from \$150,000,000 to \$175,000,000, as they will be compelled to expend if this bill becomes a law, I feel sure that but a small per cent of the electors would have supported the same. Everyone recognizes the importance of agriculture and appreciates the disadvantages to which the farmers are subjected. All students of history know that the prosperity of the State and the progress of the people are dependent upon the agriculturists. Their prosperity means national prosperity. Whatever makes for their welfare inures to the advantage of all, and no person who loves his country will interpose obstacles to the happiness and prosperity of the farming classes of our country.

The eloquent statements made by the Senator from South Carolina [Mr. SMITH] with respect to the importance of agriculture, and the hardships so often encountered by the farmers, find a ready response in my heart. If there is any class of our citizenship which deserves prosperity it is those who produce from the soil those things essential to the life of the people.

There are too many parasites in society—too many who unduly profit upon the toil and labor of the farmer. I am anxious for the workingmen to not only be well compensated but liberally paid for their labors, and I sincerely desire that the agriculturists throughout our broad land shall reap golden harvests as the result of their labors and the days and night of arduous toil which they must put forth in order to harvest their products. If this bill would benefit the farmers, I should be constrained to look upon it in an entirely different light, notwith-



standing my belief that it will be regarded as a precedent in the immediate future, and in years to come, for dangerous and destructive legislation.

The proponents of this measure assume that the nitrate plant, if operated by the Government, will reduce the cost of fertilizer to the American farmer. The record, in my opinion, disproves their position. The plant, after a hundred and fifty or a hundred and seventy-five millions of dollars shall have been expended, will produce but a very small per cent of the fertilizer required by American agriculturists. Indeed, the per cent will be so small as to have but little, if any, influence upon the price in the market. It is my firm belief that the product produced by this plant can not be sold at the market price which will then obtain, in competition with fertilizers produced by private corporations. The Treasury of the United States will be called upon annually to meet large deficits that will result from the operation of this plant by the Government.

In this way, instead of cheapening the product, its price will be increased. The cost of production by the Government would be so much greater than the cost of producing the fertilizer by private enterprise that there may be a tendency to increase the cost in order to approximate more nearly the level of the Government cost. Of course, the Treasury of the United States will be inexhaustible, and recourse will be had to it to meet the annual deficits which will inevitably result.

The Shipping Board knocks at the door of Congress for annual appropriations to meet its deficits, though it has had billions of dollars and has not been required to make any dividends or submit any accounting or make any returns to the Government. This plant will produce but a little more than a hundred thousand tons per annum. Private enterprise will produce many times that amount.

The demands of the farmers of the United States will call for millions of tons of fertilizer for annual consumption. This plant will not only put no check upon profiteers but, as stated, it will, in my opinion, be a burden to the taxpayers of the United States.

I stated that this measure would constitute a precedent. Senators know that there is a school of thought in our country which is demanding that the Government embark in various enterprises which are clearly within the field of private endeavor. There are radicals and socialists and various forms of political and economic thought which loudly call for the nationalization of what are demonstrated basic industries as well as other industries and enterprises which have been brought to a high standard of perfection by the genius and the industry of the American people. If the Government can build dams at an expense of millions of dollars and construct factories and manufacture explosives for commercial use and fertilizers for the agriculturists, it is manifest that demands will be made that its power extend to other lines and along other avenues.

And in this connection it is pertinent to inquire whether a policy of that character, broadly announced and from time to time executed, would not deter individuals from engaging in enterprises which the proponents of paternalistic and socialistic schemes insist the Government should enter upon; and if governmental experiment and operations in the fields of private business culminate in deficits which are met by appropriations from the Treasury, and if the Government officials, in order to control the fields in which they are operating, should actually or potentially, temporarily or otherwise, reduce prices beyond the level of fair profit, upon the understanding that the Treasury would meet the losses, unquestionably private enterprise would halt, and in some instances individuals and corporations would be driven from the business which they had honestly and earnestly striven to develop. That policy, of course, would inevitably result in many individuals and corporations being driven from the field.

Mr. STANLEY. Mr. President, will the Senator from Utah apprise me as to what private enterprise will be driven out of business by the passage of this act, assuming that we will manufacture this product at a loss and will sell it for less than the cost of production—assuming all that, what interests will be hurt?

Mr. KING. Mr. President, the hearings in the House and in the Senate indicate, as I interpret the testimony, that this plant will produce such a small proportion of the fertilizers required by the farmers of the United States that if it were manufactured at a loss and if it were sold for less than the cost of production, it would not affect in any appreciable manner any of the fertilizing companies operating in the United States.

Aside from the stupendous cost of this project, the mere production by the United States of fertilizer and its sale to the

farmers of our country would not be of so much consequence. But what I am contending is this, that this project will entail upon the people of the United States an expenditure of at least \$150,000,000, and in my opinion a sum in excess of that; but that will not be all. It will involve the loss of interest upon that amount, and in addition there will be an annual deficit which will amount to stupendous sums which the Government will be compelled to meet from taxation imposed upon the people. The fertilizer produced, if a fair interest were to be paid upon the capital invested and other factors were taken into account, which must be considered in fixing the price of the product of any plant conducted upon a business basis, will cost very much more than the price at which it will be sold by individuals and corporations who are engaged in the production of the same commodity.

The loss thus resulting must be paid by the Government. But if the Government sells the product from this plant at a loss, and as a result of so doing reduces the price in the market, there will be demands from many sections of the country for the Government to either take over the fertilizing plants in the United States or that it shall construct other plants and continue to sell their products at prices lower than those asked by private enterprises even though such a course required further appropriations by the Government to meet the resultant losses.

There is no question but what if this plant shall be constructed under this bill efforts will be made by those operating it to popularize its achievements, and therefore its product will be offered at lower prices than the market provides, though such a course will result in further drains upon the National Treasury. Demands for the nationalization of industry will be made and the burdens which the people have to bear will be ignored because those burdens will indirectly be brought before the people. They will operate much as indirect taxation operates. The people pay hundreds of millions of dollars indirectly as a result of inequitable tariff measures.

The Senator from Alabama [Mr. UNDERWOOD], as I interpret his remarks, stated in reply to a question propounded by the Senator from Minnesota [Mr. KELLOGG], that he was not certain but what it was not a function of the Federal Government to construct dams in navigable streams for the purpose of developing hydroelectric power. May I not suggest in passing that if the Government constructs dams at Muscle Shoals and develops electric energy and erects fertilizer plants, is there any reason to believe that insistent demands will not come from all parts of the country that it construct other dams and build other hydroelectric plants, and in turn follow such efforts by the erection of factories and mills and engage in all sorts of business activity? I suggest to Senators that whenever a Government embarks upon a paternalistic and socialistic policy it is impossible to foresee the result or to forecast the consequences. I confess, Mr. President, that I look with disfavor upon measures which increase the power of the Federal Government, strengthen the hands of bureaucracy, multiply the bureaus and boards and executive instrumentalities of the Federal Government, and embark the United States upon the uncertain and tempestuous seas which bear the fleets of courageous and enterprising citizens of this Republic.

I concede to the Federal Government full authority to perform its legitimate functions. I would guard with jealousy the rights of individuals and the authority and prerogatives of the States. The communism of Russia and the efforts to destroy our economic system, founded upon the recognition of the right of private ownership in property and the right of individuals to contract with respect to their mutual relations, meet with no approval at my hands. There are, of course, evils in an economic system founded upon what is called "capitalism," but that system has builded the edifice of civilization and brought about the highest standard of intellectual development. There are those who would destroy not only our political fabric, but our economic system. They would nationalize our industries, deny the right of individual ownership of property, and thrust the American people into the chaos and welter of socialism with all of its evils and banalities. We are besieged with demands for Federal interposition in almost every avenue trodden by individuals. Conditions, inevitable as a result of the war, lead to unwise demands for legislation and to the adoption of deadly and destructive policies.

If this bill becomes a law and the Government is to engage in business to check profiteering in every field of activity in which the Government may be interested, then I can see no point where the Government will cease. If that policy should be adopted, there is no end until the nationalization of industry results and our national structure is changed or destroyed.

Mr. STANLEY. Mr. President, I heartily concur in the general principles so ably and lucidly enunciated by the Senator



from Utah [Mr. KING]. I agree with the Senator from New York [Mr. WADSWORTH] that it is a pernicious principle under ordinary circumstances for the Government to engage in destructive competition with private individuals or with private business. This is not a proposition, as the Senator from Mississippi [Mr. WILLIAMS] has repeatedly said, to engage in private business or to engage in competition with men in private business. The purpose of the legislation was to secure munitions in time of war. As I understand, to secure munitions in time of war this apparatus was to produce a valuable fertilizer in time of peace. It is impossible to have the apparatus ready in time of war, as every witness and all the experts before the committee have testified, unless it is operated in time of peace, and as an incident to that operation we secure the sulphate of ammonia.

Mr. KING. Will the Senator permit an interruption?

Mr. STANLEY. Certainly.

Mr. KING. The Senator stated that the plant was constructed for the purpose of furnishing nitrates in time of war.

Mr. STANLEY. Yes.

Mr. KING. In substance, the Senator made that statement. My information is, and it is based upon the discussion here and an examination of the testimony taken before the various committees of Congress, that the plant was completed as designed, and that it was designed for the manufacture of ammonium nitrate for explosive purposes; that tests were made after its completion; and that it measured up to the highest standard of mechanical efficiency. My understanding, based upon the record, is that not only was the plant, necessary for the manufacture of ammonium nitrate, complete but that there was a steam-power plant erected by the Government at considerable cost, so that now the Government may manufacture some thirty or forty thousand tons per annum of nitrogen, just as was originally determined upon and in accordance with the plans and specifications prepared by the Government.

The object of the Government has been accomplished. It designed the plant to manufacture 40,000 tons of nitrate for explosive purposes. It has constructed such a plant. It will produce the amount called for. Nothing more is needed. If the object of the Government was to construct a plant for explosive purposes and it has the plant, why expend \$50,000,000 to \$75,000,000 more; why project the Government into other enterprises; why go on and build dams which will cost in the neighborhood of forty or fifty million dollars? Why enlarge the bill? Why add to it by several million dollars for the purpose of engaging in the manufacture of fertilizer?

Mr. WILLIAMS. The Senator must also assume that he is perfectly willing for it to be a losing project.

Mr. KING. No; I am not assuming that.

Mr. WILLIAMS. Obviously the bill is to keep it from being a losing project, to collect sufficient from the by-products and incidentally to enable the Government to make what it has need of as a military necessity without loss to the Government. The Senator would have us stop the plant just where we produce what the Government had to have at a loss instead of going further to enable the Government to produce what it needs at a profit, considering what profit it can gain upon the incidental by-products.

Mr. KING. Will the Senator from Kentucky pardon me further?

Mr. STANLEY. Certainly.

Mr. KING. Of course I do not agree with the conclusion stated by the Senator from Mississippi. The Senator from Mississippi assumes that by the expenditure of \$50,000,000 or more in the future we can manufacture something at a profit. I deny that. There is a difference between the Senator's conclusions and my own with respect to that.

I think that the Federal Government, if it engages in the manufacture of fertilizer, no matter if it spends \$50,000,000 or \$100,000,000 more, will not be able to compete with private enterprise and it will make fertilizer at a loss. The Federal Government will be just as extravagant and inefficient in this as it has been in the Shipping Board operations. It will fail as much in its manufacture and sale of fertilizers in producing a profit as it has failed in the producing of a profit in the shipping industry and in other enterprises in which the Government has engaged.

Mr. WILLIAMS. Of course the Senator knows that I think as a rule Government operation of almost anything is comparatively inefficient as compared with private enterprise, which is seeking a private profit.

Mr. KING. The Senator and I agree on that.

Mr. WILLIAMS. But if the Senator were as certain of his conclusion as he seems to be, how does the Senator account for the fact that the corridors and lobbies of the Capitol are

now filled with men interested in the private production of these products, who seem to think that it is to their interest to keep the Government from having anything to do with it? The Senator must know that the galleries and lobbies and corridors are filled with men who are attempting to influence Senators and Congressmen against this scheme.

Mr. KING. The Senator does not know that I have heard of but two persons appearing in Washington in opposition to this bill. How many have appeared for it I can not say. If I may be permitted to answer the question of the Senator from Mississippi, I would state that if there is any person engaged in the manufacture of fertilizer who anticipates that the Government, by engaging in the business as a result of the construction of this plant alone, is going to influence the price of fertilizer, that individual does not exhibit very good sense, in my judgment.

Mr. WILLIAMS. That may be, but, at the same time, I have just listened to an argument in which a Senator quoted very largely from a private enterprise that would be a competitor of the Government with regard to this by-product, and that enterprise has secured his aid, as a Senator of the United States, to exploit their views by quotations, not by anything else, of course, and we all know that those interests are around here. The Senator must know it. These interests are perhaps in the plural, and they are here upon the plea that private enterprises may be hurt by United States Government competition; yet the Senator gets up and says that no effort of the Government to produce the product can possibly hurt private enterprise, and still the private enterprises are here and obtaining a hearing solely upon the ground that they will be hurt.

Mr. KING. In order to convey my idea, let me suggest the following illustration: The Federal Government has appropriated \$3,000,000,000 or more to construct a merchant marine. I can imagine if the Senator from Mississippi were engaged in the shipping business he would object to the Federal Government being called upon to pay the millions and tens of millions of dollars of losses annually resulting from the operation by the Government of its two or three thousand ships. It is quite likely the Senator from Mississippi, if he were engaged in the shipping business, would not object if the Government constructed a war vessel and ancillary to it, constructed a boat or two as transports, which in time of peace it might use for traffic or freight purposes. He would not feel that a few boats would constitute competition that might in any manner prove harmful or disadvantageous to him.

But if the Federal Government's Treasury is to be opened to the demands of the shipping corporation for an indefinite period, and it may recoup its losses by constant appropriations from the Treasury, then, my friend from Mississippi would object to such appropriations. Now, if I may make the application of that illustration.

I do not know to whom the Senator refers when he speaks of private enterprises opposing this bill. I know what the record shows, and that is all I am speaking from. The record indicates that there are a number of by-product coke ovens in the United States which are producing approximately 500,000 tons of sulphate of ammonium per annum, and that the output will greatly increase in the future. It may be, and I take the Senator's word for it, that there are some individuals engaged in the manufacture of sulphate of ammonium from by-products who are objecting to the Federal Government engaging in the manufacture of sulphate of ammonium for fertilizing purposes. They may feel, though I do not know what their views are, that the Federal Government, if it builds this plant, may construct other plants. Then they may feel that the views of the Senator from Alabama [Mr. UNDERWOOD] may prevail, that upon all of the interstate streams other hydro-electric plants may be erected by the United States, and that the Government will be induced to erect other nitrate plants and other factories for various other purposes.

Mr. WILLIAMS. That may be the reason, and that is the reason. If I were engaged as a private shipbuilder, and the Government wanted to enter into the shipbuilding business, I might, as the Senator says, and very properly too, come to Washington to resist that upon the ground that if the Government went into the business it would ruin my business. But I would not come to Washington with that plea coming out from one corner of my mouth and with the plea at the same time coming out of the other corner of my mouth that the Government could not possibly hurt me at all in the shipbuilding business, because it cost the Government too much money. That is what I am objecting to.

I can very well understand why a man engaged in a private enterprise might object to the Government going into it, with a view that it would ruin him, but I can not understand why he



would say that and in the same breath say that the Government would lose money and that he would make money, and that in the sale of by-products, as he says about the coke ovens, that they would beat the Government to a finish. Both of those arguments can not be true; both of them can not be correct. One or the other may be. In my opinion neither is. I think the main object of the plant is to hold a check upon profiteering in war times at the expense of the Government and the people of the United States.

I think, if we find that by confining ourselves entirely to the production of explosives for war purposes we must lose money, and then agree, in order not to lose money, that we must largely add to the plant in order to produce by-products which will make money, it is no argument to say that upon the purely governmental purpose we lose. It is also no argument to say that upon the nongovernmental purpose we are coming into competition with private business.

Mr. STANLEY. Mr. President, in answer to the questions asked me by the Senator from Utah [Mr. KING], I desire to say that, in the first place, we can not lock up this plant—it is now a complete operating plant—and go back to it in 5 or 10 years and find no plant there. It is a notoriously admitted fact—it was proven in the hearings, although no proof was needed—that if you take exquisite apparatus like a nitrogen plant and paint it and lock it up and leave it for five years, you will go back and find it dismantled and obsolescent. It is in proof here by every expert who has been asked the question—though no experts were needed to furnish such proof—that if this plant were put in a stand-by condition it would take four or five hundred thousand dollars a year to protect it; that when its operation were again resumed it would take a year in which to prepare it to make one single ounce of powder, to say nothing of the great difficulty in again assembling the expert personnel.

Mr. President, it has been stated here, and it is admitted in the record, that in the first instance the plant would be operated at a loss, and Mr. Arthur Glasgow, after being discredited as a witness to prove anything, is the sole witness upon whose testimony that statement is based. In his report he does say that—

A "general-purposes fund" will be required to provide (a) for the payment prior to June 1, 1921, of operating fee and royalty, and (b) for the expense of creating the organization and the business starting at nil.

You can not make money on it from the very first day you operate, of course. He continues:

Both (a) and (b) are to be charged to "good will," which will be carried as an asset account until it is extinguished by profits.

He gives elaborate statements in the same letter in which he shows that sulphate of ammonia can be produced by the use of steam power at \$59 a ton, which is a \$10 or \$12 profit.

Mr. LENROOT. Mr. President, will the Senator from Kentucky yield to me?

Mr. STANLEY. I yield.

Mr. LENROOT. Does not Mr. Glasgow say in the same letter that those figures are academic rather than practical?

Mr. WADSWORTH. Do they not leave out all of the other elements of cost to which I referred?

Mr. STANLEY. I am not discussing the question now of whether or not the figures are academic; but when you make Mr. Glasgow your witness and say it is admitted in the record that this plant will be operated at a loss, you—not purposely, of course, but inadvertently—quote only a part of his statement, and the complete statement is to the effect that the plant will not be operated at a loss.

Mr. LENROOT. Will the Senator from Kentucky yield?

Mr. STANLEY. Certainly.

Mr. LENROOT. When Mr. Glasgow says that the figures are academic and then immediately follows with the statement that the plant will be operated at a loss, there can be but one conclusion.

Mr. STANLEY. I beg the Senator's pardon. He does not state that it will be operated at a loss. He says that it will be operated at a loss "starting at nil"; that is, in the first part of the year, and he says that the loss will be temporary. Any business will be operated at a loss for a month or a week, for it must be operated some time at least before the product can be obtained and sold.

Mr. LENROOT. Will the Senator from Kentucky yield further?

Mr. STANLEY. Certainly.

Mr. LENROOT. If the time during which there will be a loss is a month or a week, or any such short length of time as that, would a loss fund of \$2,500,000 be provided?

Mr. STANLEY. The \$2,500,000 is not provided for that purpose alone; that is a mistake.

Mr. President, there has been a cry raised here that some business will be destroyed by this proposed legislation, and again and again I have propounded the question, What business? It is a strange thing that the straw man, the bugaboo, is raised in the Senate every day that the Government is going into private business and is preparing to destroy legitimate private business; but no man can find the business, because it is not to be found. I heartily concur with all that the Senator from New York has said in regard to the Government engaging in private business. I am against the Government going into private business; I am against Government control of anything that a private individual can control under ordinary circumstances. This case, however, does not come under that category at all. Ours is the only civilized country in the world that today is not making or preparing to make nitrogen, that is not operating or preparing to operate a plant employing some process by which this essential of war can be extracted from the air, unless that government has a natural resource. To-day we are face to face with a danger that the Senate does not seem to realize, that it seems to forget in quibbling over whether this process will make cyanamid or make sulphate of ammonia at \$58 or \$60 or \$16 a ton, which consideration sinks into utter insignificance when we face the fact that war is not now any more uncertain than it was three years or four years ago. The skies are not so clear; Europe is not so peaceful; the East is not so angelic in its attitude toward us that we need not fear at any moment to hear the fierce blasts of war break on our ears. When that shall happen, unless we have the good will and support of Great Britain, our great guns are unloaded; our hundreds of millions, yea, billions, spent for all the instruments of war are comparatively worthless. The meager supply of our blast furnaces would be exhausted in a few weeks. England has the key to America's arsenal. She can lock up every pound of Chilean nitrate; she can lock up every pound of nitrate of potassium; she controls the shipping; she controls the railroads that carry that nitrate to the sea; and she controls the great trust that makes the product, and boasts that unless it can show its stockholders that it controls 80 per cent of the output it will not operate at all.

Mr. LENROOT. Will the Senator from Kentucky yield?

Mr. STANLEY. Certainly; I yield.

Mr. LENROOT. Is not the Muscle Shoals plant now completed for the manufacture of explosives?

Mr. STANLEY. It is.

Mr. LENROOT. What more is required to be done to utilize it for that purpose?

Mr. STANLEY. It must be operated to be efficient.

Mr. LENROOT. It is complete now for operation, is it not?

Mr. STANLEY. Yes, sir.

Mr. LENROOT. And is not the testimony that it can, at an expense not to exceed \$400,000 a year, be maintained constantly for the production of explosives?

Mr. STANLEY. It is not; and if it were, it would be absurd.

Mr. LENROOT. That is the testimony of Secretary Baker.

Mr. STANLEY. I beg the Senator's pardon. Mr. Scott, a member of the British munitions board; Col. Joyes; Dr. Lamb; and every expert who knew anything about it—and if he did know anything about it, he must have known that—testified as did the Secretary of War, who says that if you put this plant in a stand-by condition and leave it, in four or five years it will be worthless. Any man who ever handled machinery knows—he does not need to be an expert to know—that a machine will instantly deteriorate when it is not in use. Cover the machinery of the Muscle Shoals plant with paint, let the men who are experts in its use scatter—one east, one west, and one over the cuckoo's nest—and it is in the testimony here uncontradicted that it will take from six months to a year at infinite cost to begin the operation of the plant at all.

We need no testimony to that effect. The Senator from Wisconsin and the Senator from New York both know, if they have ever had any experience with machinery—and I assume they have, because they are versatile gentlemen—that whether it be a sewing machine or a delicate retort, if it is put in a stand-by condition and left it will immediately deteriorate.

More than that, the manufacture of high-power explosives, like the manufacture of sulphate of ammonia, is a new business. As the testimony shows, it is growing every day; new discoveries are constantly being made. The use of nitric acid as the base of smokeless powder and other explosives is only 34 years old. It is only within the last generation or two that we have used the tremendous explosives now employed. Every



other country in the world is advancing by constant use and operation of just such plants as that proposed at Muscle Shoals.

Mr. WADSWORTH. Mr. President, will the Senator yield?

Mr. STANLEY. Certainly; I yield.

Mr. WADSWORTH. Will the Senator mention one Government that has gone into the business itself?

Mr. STANLEY. The hearings show—and I will put excerpts from the hearings in the RECORD to that effect, if need be—that the nine plants of France are to be either operated by the Government or with Government assistance.

Mr. WADSWORTH. Mr. President, that is scarcely an answer.

Mr. STANLEY. The hearings show that the Japanese Government is experimenting with every known process; the hearings show and report after report of the British commission indicates that it is desirable for the Government to take such action. The Parliament of Great Britain and commissions of the British Government recommend the establishment of such plants either by assistance to private concerns or, if need be, by the Government itself.

Mr. WADSWORTH. Mr. President, will the Senator point out one Government that has itself gone into the business? This is the first proposal which I have encountered which will put a Government into the business of operating such a plant upon a commercial basis. In England, France, Germany, Norway, and Italy all such plants are run by private individuals.

Mr. STANLEY. They are built by the Government.

Mr. WADSWORTH. In some instances governmental assistance was extended in the building of the plants, but the people who have had that assistance are to pay it back to the Government and conduct the business as any other business is conducted. This is the first time I have been able to discover any proposal that the Government should do this thing itself in a commercial way.

Mr. STANLEY. There is no difference between Governments building plants and seeing that they are operated and operating them themselves.

Mr. WADSWORTH. There is a vast difference.

Mr. STANLEY. Does the Senator from New York mean to state that all the cyanamid plants of France and of Germany are run by private individuals?

Mr. WADSWORTH. They are run by private enterprise.

Mr. STANLEY. Without Government assistance and Government subsidy?

Mr. WADSWORTH. They may have had some Government assistance in building plants; but those who received such assistance are to pay back the money; that is my recollection of the matter.

Mr. STANLEY. I have not the time to read from the hearings now in detail, but I will, with the permission of the Senate, incorporate in my remarks excerpts showing the preparations which are being made by several Governments for this very purpose.

Mr. SMITH of South Carolina. Mr. President, is it not a fact that in the hearings it was stated, as I think on investigation it will be found, that the very countries the Senator from New York has named have such plants in operation; and that even where the Governments are cooperating with private individuals the Governments control all the output and regulate all the matters pertaining thereto?

Mr. WADSWORTH. I do not know what degree of control is exercised. Of course, in time of war the Government takes complete control; it takes possession of the entire output for explosive purposes; but the plants that are being developed to-day upon the most modern basis in England and in France and in other countries are being developed primarily by private enterprise.

Mr. SMITH of South Carolina. As agencies of the government.

Mr. WADSWORTH. Not necessarily as agencies of the Government; and they are not regulated by the Government in the sale of their goods, but are controlled by the Government only potentially for war purposes.

Mr. SMITH of South Carolina. I think if the Senator will investigate that he will find that the statement I have made is correct. I can not put my hand at this moment on the exact place in the testimony, but I will place in the RECORD excerpts from the testimony to that effect, if it be necessary to the argument. I do not, however, deem that it is necessary, because it does not make one particle of difference what France does or what England does or what Germany does.

Mr. WADSWORTH. They are constantly being cited as examples for us to follow.

Mr. SMITH of South Carolina. I have not cited them.

Mr. WADSWORTH. The Senator from South Carolina has done so, as has also the Senator from Kentucky.

Mr. SMITH of South Carolina. I desire to state, if the Senator from Kentucky will allow me—

Mr. STANLEY. Certainly.

Mr. SMITH of South Carolina. We should act in accordance with common sense and in accordance with governmental necessity and the necessity of the people of this country. It is for us to decide, not according to precedent or because of what other countries have done, what we shall do with the Muscle Shoals property, with the view of its benefit to agriculture and to the Government in time of war.

That is a question for us to decide—whether we are going to use this plant as the Constitution provides we shall, in time of war for the production of things to defend the country and in times of peace for the production of those things that would tend to better the conditions of living; and if, in our judgment, we see fit to do as we have done in the Agricultural Department in appropriating vast sums to stamp out diseases of cattle and to stamp out diseases of plants, if we see fit to utilize this new discovery for the purpose of benefiting agriculture, it is our duty to do it.

Of course, we can go on here and argue to the end of time as to whether or not it is a proper function of the Government to enter into private business. As a general proposition, that may not be true; but I submit that when it comes to the betterment of that class that does not manufacture, that does not bank, that goes into none of the finer and more organized forms of our domestic life, but constitutes the helpless ledrock upon which everything else depends—when there comes an exigency of circumstances that can be for their benefit, we say the Government must keep its hands off, and add a further burden to the crowd that notoriously pays the taxes and bears the burdens of modern civilization. It is that to which I object.

Mr. LENROOT. Mr. President—

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Wisconsin?

Mr. STANLEY. I yield.

Mr. LENROOT. The Senator has made the statement that this is the only Government that has not gone into this matter. If he will turn to page 51 of the hearings before him, he will find that in Germany, where the industry is more highly centralized, it is all under the control of a board of directors representing the three groups of producers of fertilizers, having a board of directors consisting of four members, and the Government has one member of that board of four.

Mr. STANLEY. Mr. President, I will simply quote from the hearings.

Col. Joyes gave this matter most exhaustive study here and abroad. He said, on page 46 of the hearings:

The German Government nitrogen administrator required the gas works and coke ovens to deliver all possible by-product ammonia, but no great increase could thus be made.

The Government further increased ammonia production by requiring increases of existing cyanamid plants and construction of new ones, the Government assisting by large loans, etc., and even building out of public funds two large cyanamid plants.

France undertook the establishment of plants to produce by fixation at home nitrogen substitutes for Chilean nitrate sufficient in amount for all her home munitions manufacture.

The process selected as the backbone of this program was the cyanamid process and the plans contemplated adding to the prewar capacity (which was about 8,000 tons of nitrogen per annum) an aggregate annual production of over 50,000 tons of contained nitrogen, giving in all some 60,000 tons of nitrogen—to be available a small part before 1918, part in 1918, and all by May, 1918.

This program was largely financed by public funds, two of the nine plants being Government owned, three being Government controlled, and the others having probably some assistance in their financing.

If there is any evidence that these plants have since been turned over or given away to private institutions, I have not that evidence.

As to the argument that some private concern or private business will be destroyed—some of the people fighting this bill have sent out the map which I have in my hand. Each one of the apples on this tree represents some separate and distinct useful thing that is made from the by-products of a coke oven. The basis of paints, colors and dyes, medicines, munitions, road-building material, a thousand and one essential things—inflammable gases, toluol, and other munitions of war, all come from the coke ovens. Out of the four or five hundred different by-products of the coke oven, there is one little item of about 4 pounds of nitrogen. To say that the coke ovens of this country would be stopped because of the fact that somebody else is making this little 4 pounds of nitrogen or 15 or 16 pounds of sulphate of ammonia is absurd.



In 1919 the by-products of coke ovens approximated \$75,000,000 in value, of which sulphate of ammonia amounted to a few millions.

It is charged that these coke ovens will undersell this plant. The contention is not tenable. Nobody knows what it costs a coke oven to produce 4 pounds of nitrogen. It is a mere by-product, a mere incident to the operation. Coke is made, as everybody knows, in order to smelt iron ore, and the production of coke depends upon the production of pig iron. In 1919 there were 19,650,000 tons of coke produced in beehive ovens and 25,997,580 tons in by-product ovens, making a total of forty-five million six hundred and odd thousand tons of coke produced. Will any man say that this stupendous operation, involving billions of dollars in sales, will stop because the Government makes 40,000 tons of nitrogen or makes 200,000 tons of sulphate of ammonia? It is a mere incident. This great business would not be affected by it enough to know it.

Is it urged here—and I am not inveighing against either the iron industry or the coal industry—that the earnings of the coal and steel people have been so small in the last four years that they would be bankrupted because the Government makes a few tons of sulphate of ammonia? The truth is that the price of this product is not fixed by the coke oven at all. This by-product being a by-product, a mere incident to the manufacture, they do not start out to manufacture sulphate of ammonia. They start out to make coke, and they start making coke whenever the demand for pig iron justifies it. When the blast furnaces start the production of pig iron, the coke furnaces start to furnish the coke; and the price of sulphate of ammonia is going to be governed, outside of its use in the arts, by the price of nitrate of soda, and the price of nitrate of soda is controlled absolutely by a British trust and the greed of the Chilean Government, which now places an impost duty of \$12.53 upon the exportation of every ton of it. The reason why this bill is feared, and the only reason, is that it will furnish an accurate estimate of the real value of a ton of sulphate of ammonia, and neither the nitrate trust nor the operators of the beehive ovens nor the fertilizer trust want the world to know or want the farmer to know the cost of producing a pound of the most essential element in a complete fertilizer.

If the Government manufactures this fertilizer, as it will do, at from \$40 to \$50 a ton, and it is sold, as it has been sold for the last several years, at from \$90 to over \$100 a ton, there will be a check upon the profits of these people, there will be a protection to the farmer, and that is the reason why this bill is fought. There is no private industry, and there never will be, that can be affected by this measure. Outside of the coke ovens, the rest is garbage and tankage and dried blood and other such products that are incidental to the killing of beef or the cleansing of cities or other operations of that kind. There is no great industry in the United States that will be affected by the passage of this bill.

The VICE PRESIDENT. The Chair believes in the traditions of the Senate, and that in accordance with them the presiding officer should not take part in the discussions. On a close question of this kind, however, the Chair thinks he is entitled to have some little information. During the course of the discussion the Chair would like to know, when this plant is completed, how much it will produce in a year and how much the needs of the United States Government are.

Mr. WOLCOTT. Mr. President, I see the distinguished Senator from North Dakota [Mr. GRONNA], who is chairman of the Agricultural Committee, and the distinguished senior Senator from Alabama [Mr. UNDERWOOD], Senators on the two sides of the aisle who are in favor of this bill, present in the Chamber. I want to take the liberty of asking these two very able Senators a question.

I should like to know from the chairman of the committee whether or not, if this proposition were stripped of its preparedness feature, the Senator would think the legislation would be wise? That is to say, if it did not so happen that the product manufactured would supply a necessary ingredient for the making of explosives, but the product would be used solely as a fertilizer, would the Senator from North Dakota then advocate the passage of such a bill as this?

Mr. GRONNA. Mr. President, is the Senator asking me that question?

Mr. WOLCOTT. I should like to have the Senator answer that question; yes.

Mr. GRONNA. I am very frank to state that the primary object of operating this plant is to manufacture explosives for the Government in times of war; and, of course, it is the object and purpose to manufacture these products in times of peace in sufficient quantities to supply the Government with these products, to store them, and then to use the by-products for fertilizer.

Mr. WOLCOTT. The Senator has not answered my question. I understand, of course, what the argument is. I should be rather dull if I had not caught the drift of the argument to that extent; but I want to know, if the Senator cares to commit himself, if the plant were not a manufacturer of something that was necessary for the national defense, whether the Senator would then advocate the passage of the bill creating this plant to manufacture fertilizers only?

Mr. GRONNA. I do not think it would be possible to pass such a measure.

Mr. WOLCOTT. I take it that the Senator does not care to answer my question.

Mr. GRONNA. I shall be very glad to answer the Senator's question if I can do so.

Mr. WOLCOTT. I did not ask the Senator for an opinion as to whether it would be possible to get such a bill through the Congress. I just wanted to know the Senator's individual view, as to whether he would favor a proposition for the United States Government to construct a fertilizer plant if that plant could not at the same time make a necessary ingredient in the manufacture of explosives.

Mr. GRONNA. May I ask the Senator why he asks that question? Is it for the purpose of getting a categorical answer or my views on this bill?

Mr. WOLCOTT. I have heard some talk about this bill, I will say to the Senator, which I am trying to clear up, and I want to get the views of other Senators. I will say to the Senator that I do not know how I am going to vote on this bill. With all the time I have had at my disposal I have been studying these hearings, which has led me into somewhat of a labyrinth of technical information, and contradictory sorts of things, and I am very much at sea. Had I been called upon to vote for this bill a week and a half ago I would not have hesitated to vote for it. But as I have proceeded with it I find myself losing some of the original ardor I had. If the Senator does not care to answer the question, very well. I want to know whether it is the opinion of the Senator from North Dakota, and I would like to know also from the Senator from Alabama, that the United States ought for the first time to embark upon an enterprise which is purely commercial in its nature. I want to get the view of the Senator on that general proposition.

Mr. GRONNA. I will answer the Senator very frankly. If that were the only question involved, of course, so far as I am concerned, I would not advocate this bill. The Senator has indicated that he has been somewhat at sea as to what position to take with reference to this bill. Of course, if I possess any information which the Senator does not possess, I shall certainly be very glad to give it to him or answer any questions I can answer.

Mr. WOLCOTT. I take it that all the information is contained in the hearings, and I am trying in my feeble way to cull some of it out.

Does the Senator from Alabama [Mr. UNDERWOOD] think that if this measure were stripped of all preparedness features we ought to entertain it here at all?

Mr. UNDERWOOD. I am rather surprised that my friend, the Senator from Delaware, knowing my record as a Democrat, should ask that question. But I will answer it. I do not want to mislead him. I am glad to have the record disclose the fact. I belong to that democratic school of philosophy which believes that the Government which governs least governs best, and I have never changed my views. I do not believe, as a rule, that it is a wise thing for a Government to engage in private business. But, as I indicated on the floor to-day and yesterday, when you come to the war needs of the Government, the necessity to protect the life of the Nation, then I do not think the Government should rest its defense on either the patriotism or the cupidity of individual enterprise. It should take care of itself, and I know of no plant that is more necessary for the Government to own and control and operate than a plant that supplies the nitrogen which gives the life to a war, which gives the possibility to war, and owning that plant it ought not to sell it to individuals and take the chances of individuals having it ready for defense in time of war. It ought to own it and control it as a war machine, and as a war machine, it seems to me, it would be utter folly for it to shut it up in time of peace and let it become obsolescent, and not use it along peace lines, where it can be both useful and kept up to date; and it is only, of course, because it is a necessary part of the machinery of war that I favor the Government going into this business. But being necessary as a machinery of war, I would put it to the useful purpose of supplying the great mass of the agricultural people of this country with something which will make bread cheaper.



I think I have answered the Senator's question, and, if he will allow me, the Vice President asked a question, and I would like to have the privilege of taking a moment to answer it.

Mr. WOLCOTT. I will say to the Senator that I do not propose to submit any remarks at this time. I do not know that I shall do so at all. I was anxious to get the point of view of the Senator. If I understand the Senator correctly, it is his judgment that Senators ought to vote upon this measure, not in the interest of farmers at all, but that they ought to vote upon the measure solely with respect to the question of national preparedness?

Mr. UNDERWOOD. I would not say not in the interest of farmers at all. I say the great fundamental reason why we should operate, own, and control this plant, and the justification for it, is national defense. But I do not see, when we do own it and control it, why we should not give the benefit of the operation to the farmers. It would be in their interest.

Mr. WOLCOTT. I value the Senator's opinion very highly. It is a question in my mind as to the relative value of reasons. The Senator states that the preparedness reason is the controlling one in respect to this bill.

Mr. UNDERWOOD. That should be the first reason, of course.

Mr. WOLCOTT. The interest of farmers is secondary. Does the Senator think that if the first reason, the controlling reason, can be removed from the situation by other arrangements, the secondary reason still ought to be sufficiently potent to put through the bill?

Mr. UNDERWOOD. I do not think that question is involved, because the Government has already decided it.

Mr. WOLCOTT. If I may interrupt the Senator further, I do not know that that question is entirely decided, in my mind, at least. There is a serious question in my mind whether it is true that the safety of the United States is jeopardized unless we pass the bill.

Mr. UNDERWOOD. I can not say that the failure to pass the bill would jeopardize the safety of the country, but the failure to vitalize the nitrate plant may at some future day jeopardize the safety of the country.

Mr. WOLCOTT. Let us assume that a Senator believed that it was not necessary to continue the operation of this plant under the bill in order to preserve the United States nitrogen supply. If the Senator entertained that belief, would he, because of the fact that farmers could get nitrates under the bill, still favor the proposition?

Mr. UNDERWOOD. I have already stated to the Senator, I think very clearly, so that there can not be any question about my answer, that I am not in favor of the Government going into private business, and the only place where I am willing to have it invade private business is under the war arm of the Government, to protect the life of the Nation, which I am unwilling to leave in the hands of cupidity. I think that is a full and complete answer, and I can not assume, even for the sake of the argument, that the Government has not already engaged in this business, because it has invested in a plant variously estimated as being worth from \$80,000,000 to \$100,000,000. It is there. It is not a theory; it is a fact; we are engaged in it.

Now, if the Senator will allow me, I would like to answer the question asked by the Vice President.

Mr. WOLCOTT. I will yield the floor to the Senator.

The VICE PRESIDENT. The Senator from Alabama will pardon me if I say that the reason for my inquiry arose from the fact that in the course of this discussion I have heard several times that the plant is completed, and then I have heard that it would cost \$50,000,000 to complete it. I should like to know the fact about it.

Mr. UNDERWOOD. I think I can state without contradiction that there is a plant known as nitrate plant No. 2, which is the great, costly plant that has been completed by the Government in all its details; that it was operated by the Government for a few weeks before the armistice as an operating plant, complete, and that it demonstrated a productive capacity of 120,000 tons of this nitrogen product. The basis for the contention that it is not completed is that the dam at Muscle Shoals is not complete; \$17,000,000 have been allocated already for the building of that dam, most of which has been used. It is estimated that it will cost about \$23,000,000 or \$25,000,000 more to complete the dam. That part of the work is not complete.

The nitrate plant has a capacity of 120,000 steam horsepower. It can operate the nitrate works without the dam, but the idea is that with the dam you can make the product so much cheaper that the dam and the nitrate plant should be harnessed together.

But the Muscle Shoals Dam is not in this bill, except incidentally. Of course, there are some of us who would like to finish the dam and have it ultimately a part of this project, but it is not in the bill. It is a separate project. It is a project

which will probably come up for consideration in the sundry civil appropriation bill in a week or two, but is not directly involved in the vote on this bill.

The VICE PRESIDENT. Does the Senator know how much the Government uses of this product per year in the hour of peace?

Mr. UNDERWOOD. The Vice President means the product of the nitrate plant?

The VICE PRESIDENT. Yes.

Mr. UNDERWOOD. Very little. It really has not been operated, except for a few weeks during the war.

The VICE PRESIDENT. I do not mean as coming from that plant, but how much does the Government use of that product, obtaining it wherever it does?

Mr. UNDERWOOD. I can not answer the question, although I have seen the facts stated.

Mr. WOLCOTT. Will the Senator yield?

Mr. UNDERWOOD. Certainly.

Mr. WOLCOTT. I made some inquiry upon that very subject to-day. As I recall, the only thing that the Government uses nitrate for is the manufacture of powder in the plant at Indianhead and at Dover, N. J., and the figures given me by the Navy Department and by the War Department are that the normal consumption of nitrate of soda at the Indianhead powder plant is 5,390,000 pounds a year, which, reduced to tons, is 2,197 tons of nitrate of soda used in the manufacture of powder in the Navy plant.

In the Army plant at Dover, N. J., the ordinary peace-time consumption of nitrate of soda for the manufacture of powder is about 3,000,000 pounds, which, in terms of tons, is 1,300 tons per year. Therefore the Government uses, in the manufacture of powder in the two plants, a total of 3,497 tons of nitrate of soda, which, expressed further in terms of sulphate of ammonia, I understand to be about 2,522 tons of sulphate of ammonia used in the manufacture of powder by the Government.

Mr. UNDERWOOD. It is very small. That relates to the nitrate plant. But the Government does not manufacture all its own powder, and of course nitrogen that is used by private persons to manufacture powder for the Government could be more cheaply delivered from this plant than it could from the Chilean saltpeter, and the larger proportion of powder that is consumed by the Government is that which it obtains from private interests and not from its own Government plant. But in the last analysis I think it is fair to say that the consumption of powder in peace times by the Government is comparatively small.

Mr. LENROOT. Mr. President—

The VICE PRESIDENT. Does the Senator from Delaware yield to the Senator from Wisconsin?

Mr. WOLCOTT. I yield the floor.

Mr. LENROOT. I want to ask the Senator from Alabama a question, because in his statement of facts I am sure he inadvertently omitted to state that, while the plant is complete for the manufacture of explosives by the use of steam power, it is not complete for the purpose of manufacturing fertilizer.

Mr. UNDERWOOD. That is true; that is, of all kinds of fertilizer. Of course, it manufactures cyanamid; it is complete for that, and that is a fertilizer itself. But there are other kinds of fertilizer which probably it will want to make, and for the other products of fertilizer it is not a complete plant.

Mr. LENROOT. It is the other kind that they expect to make commercially.

Mr. UNDERWOOD. I think they intend to make both.

Mr. KING. Mr. President, the Senator from Kentucky [Mr. STANLEY], as I understood him, discussed the great cost incident to maintaining the plant without operating it. In the hearings before the War Expenditures Committee of the House Col. John K. Clement, who was the commanding officer at the plant, expressed his opinion that the deterioration of the plant could be overcome by painting and greasing, and that this had already been done. Then he used these words:

I believe that it could be protected against any serious damage or injury from deterioration for an indefinite period.

Col. Fred H. Wagner expressed his opinion that the plant "could be completed, closed down, and held for a future emergency without maintaining an expensive organization for the purpose of operating it."

Dr. Charles L. Parsons testified as follows:

I do not see any reason why they should not be kept in reasonably good order with comparatively light expense. They should be oiled and turned over once in a while, and things of that kind. I do not see any reason why they could not be kept for years perfectly available for use at a week's notice.

That is the testimony, Mr. President, with reference to the procedure which would be adopted in the event this plant were



not completed for the manufacture of fertilizer, and it is quite apparent that there would be no deterioration; indeed, that the deterioration would be very much less than if the plant were operated.

In reply to one suggestion made by the Senator from Alabama, my recollection of the record is that the output of the plant—and I am speaking now of the nitrate for explosive purposes in peace times—would be used for commercial purposes and sold to private manufacturers of explosive materials which are used in mining and industrial pursuits. There is a large amount of dynamite used in the mines and in building operations. As I read the record, instead of the plant in peace times—and I am speaking now of the plant used for the manufacture of explosives—producing a product for the Government, it would produce a product to be sold for commercial purposes, so that in peace times its products would be entirely disposed of for commercial purposes. The nitrate supposed to be made for explosives would be sold for commercial purposes to individuals who might require them, and the fertilizer, of course, would be sold to individuals who might require it.

Mr. JONES of Washington. Mr. President, I understood the Senator from Alabama [Mr. UNDERWOOD], in answer to the inquiry of the Vice President, to state that it would cost about \$23,000,000 or \$27,000,000 additional to complete the Muscle Shoals Dam. I understood the Senator from Wisconsin [Mr. LENROOT] on yesterday to state that it would cost \$43,000,000 to complete the dam. I would like to ask the Senator from Wisconsin where the difference comes. That is a considerable difference, being some sixteen or twenty million dollars.

Mr. LENROOT. In reply to the inquiry of the Senator from Washington, I will state that I put in the Record the other day the letter of Col. Cooper, the engineer in charge of the Muscle Shoals Dam. That letter is dated November 27 of last year, wherein he stated:

The best estimate that can be made at this time of the total cost of the project, including the two lift locks and all of the navigation facilities, is around \$50,000,000.

I have understood that \$7,000,000 has been actually expended. If more than that has been expended the additional amount which will be required out of the Treasury will be the difference between the sum that has been expended and the \$50,000,000.

Mr. UNDERWOOD. I will say to the Senator that it has been roundly estimated at \$50,000,000, but when I said "complete the dam," I was referring to it as a completed project for the use of the plant. There is about \$8,000,000 that will go into dynamos and electrical machinery, which will be a surplus power that it is not necessary to put there. Of course, the contracts have already been let for the machinery that is to go on the dam to work the plant, but there is something like 200,000 or 300,000 more horsepower for which the machinery has not been provided, and in my estimate I was only including the necessary money to complete the dam to be used for this plant.

Deducting from it the money that has already been spent, \$17,000,000 that has been allocated, I think it will be found from that standpoint that my statement is correct. Of course, if we are to put in the money, and it ought to be put in in the end, that will be absolutely used to develop all the horsepower that goes over the dam, then it would cost about \$50,000,000.

Mr. JONES of Washington. I would like to ask the Senator how much has actually been spent on the plant?

Mr. UNDERWOOD. There is \$17,000,000 allocated, and I think it has all been spent except four or five million dollars.

I will say to the Senator that the hearings on the sundry civil appropriation bill will commence to-morrow, and I have an amendment to that bill to make the necessary appropriation for the completion of the dam. In order that we might not have any difference of opinion or any doubt about it, I have asked Col. Cooper, who is a great engineer and the resident engineer on the dam, to come before the Committee on Appropriations to-morrow morning and make a full statement about it, so that we may have no dispute regarding the facts. I know the Senator from Washington is a member of the committee, and I think, if he is present at the committee meeting, he will get the information in the morning more accurately than I can give it to him.

Mr. JONES of Washington. The reason why I asked the question was because of the apparent differences in the statements of facts. I wanted to have the record harmonized as much as possible.

Mr. UNDERWOOD. There is a difference between the Senator from Wisconsin and myself, and yet it is not really a difference of fact. It grows out of the angle from which we look at the proposition. I think we will have the estimate of the engi-

neers before the Committee on Appropriations in the morning and have the information then as a matter of record, coming from the engineers who are building it, so that we may have no further dispute about it.

The VICE PRESIDENT. The question is on the amendment of the Senator from New York [Mr. WADSWORTH].

Mr. WADSWORTH. If there is to be opposition to the amendment, I should like to have the yeas and nays and to have a quorum. I do not make that suggestion now, however.

Mr. UNDERWOOD. I think we have finished the debate on it, and I do not believe it will be necessary to have a call for a quorum to vote on the amendment. Could we not agree to vote on the amendment at a quarter past 12 to-morrow and then let it go over, if the Senator wants a quorum here when the vote is taken?

Mr. WADSWORTH. I can not control the Senate nor can the Senator. I will promise the Senator not to say anything more about it.

Mr. UNDERWOOD. I ask unanimous consent that the amendment offered by the Senator from New York may be voted on at 12.15 to-morrow, and that we may take a recess now until noon to-morrow.

Mr. WADSWORTH. Would not that require the presence of a quorum?

The VICE PRESIDENT. It would not. Is there objection to voting on the amendment at 12.15 to-morrow?

Mr. KING. Will that preclude from discussing it any Senator who is not now here and who is not familiar with it?

The VICE PRESIDENT. He would have 15 minutes.

Mr. WADSWORTH. I am perfectly willing, but the amendment which I have offered is absolutely basic to the bill and there are not 15 Senators who know what it is.

Mr. UNDERWOOD. If the Senator wants to make it 12.30—

Mr. WADSWORTH. I do not suggest any time. I have finished debating it myself, mostly to empty seats.

Mr. UNDERWOOD. I merely want to reach a vote.

The VICE PRESIDENT. Is there objection to the request of the Senator from Alabama for unanimous consent?

Mr. KING. I object.

Mr. UNDERWOOD. Does the Senator from New York desire to call for a quorum this afternoon?

Mr. WADSWORTH. No; I think we had better put it over until to-morrow.

Mr. SMITH of South Carolina. Does the Senator intend to move a recess or an adjournment?

Mr. WADSWORTH. I have no objection whatever. I have finished debating this particular amendment.

Mr. KING. Let me say to the Senator; I do not intend to make any observations on it, but I think it would be unfair, with an amendment so important, to preclude any Senators who are not here and who have not heard the proposition from discussing it if they desire to do so.

Mr. McKELLAR. If any Senator desired to discuss it at that time and requested the opportunity to do so, the Senate would certainly give him the necessary time by unanimous consent.

Mr. UNDERWOOD. The Senate will meet at 12 o'clock and there will be 30 minutes available for the discussion of the amendment. I hope the Senator from Utah will not object.

Mr. KING. I ask the Senator from Alabama whether he thinks, with a proposition so important as this, it would be fair to cut off the right of Senators who are not here to discuss it?

Mr. UNDERWOOD. I certainly would not think of doing it if we had not debated it for nearly a week.

Mr. KING. I am speaking of the amendment.

Mr. UNDERWOOD. It has been debated for nearly a week.

Mr. WADSWORTH. I suppose it has been mentioned altogether for about 15 minutes in the eight days.

Mr. UNDERWOOD. If the Senator from New York does not desire the debate to close, I have nothing further to say. I thought he was through.

Mr. WADSWORTH. I am entirely through and I have made no objection to the request of the Senator from Alabama.

Mr. McKELLAR. Will the Senator from Utah agree to vote on the pending amendment at 1 o'clock to-morrow?

Mr. KING. I repeat that I do not care to make any observations respecting the matter myself, but if the Senator from Alabama thinks other Senators will desire to be heard—

Mr. UNDERWOOD. I do not think anyone will want to discuss it. I think if we fix it at a quarter past 12 that will give us time to get a quorum and it will be satisfactory to all concerned.

Mr. WADSWORTH. Do I understand that the Senator from South Carolina and the Senator from Alabama do not accept the amendment?



Mr. UNDERWOOD. Not the amendment relative to the amount of capitalization. There are some amendments which the Senator has offered that I would be willing to accept, but not this one.

Mr. WADSWORTH. I did not expect the Senator would accept it. Twelve-thirty is agreeable to me.

Mr. SMITH of South Carolina. The Senator means to vote on this particular amendment?

Mr. WADSWORTH. So far as I am concerned.

Mr. GRONNA. May I inquire if objection was made to the unanimous-consent agreement?

Mr. KING. I objected to it.

The VICE PRESIDENT. Objection is made.

RECESS.

Mr. GRONNA. I move that the Senate take a recess until 12 o'clock to-morrow.

The motion was agreed to; and (at 5 o'clock and 10 minutes p. m.) the Senate took a recess until to-morrow, Wednesday, January 12, 1921, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES.

TUESDAY, January 11, 1921.

The House met at 12 o'clock noon.

Rev. H. P. Fox, pastor of Hamline Methodist Episcopal Church, Washington, D. C., offered the following prayer:

Almighty God, our Father in heaven, we thank Thee that Thou has given unto us the privileges of citizenship in America. We pray Thee that Thou wilt help us to understand that so rare and splendid a privilege carries with it great and grave responsibilities. And we pray Thee that Thou wilt help those who are elected to official positions, that they, too, shall appreciate not only the honor of citizenship but the additional honor of official responsibility. We pray that they may be given wisdom and grace from on high, that they shall measure up to the innumerable requirements, and may discharge their functions as befitting men who are citizens of a great democracy. Bless our Nation. Bless, we pray Thee, our Chief Executive. Comfort all those who stand in places of grave responsibility and need the sustaining, strengthening hand of God.

Lead on America, we pray, toward greater achievements in the future than even the past has been. Guide and counsel her that she may be strong to do the will of God among the nations of the earth, and fulfill her high destiny. We ask it for Christ Jesus' sake. Amen.

The Journal of the proceedings of yesterday was read and approved.

### LEGISLATIVE, EXECUTIVE, AND JUDICIAL APPROPRIATIONS.

On motion of Mr. Wood of Indiana the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the legislative, executive, and judicial appropriation bill H. R. 15543, with Mr. Longworth in the chair.

Mr. WOOD of Indiana. Mr. Chairman, I am of the opinion that general debate is closed. The gentleman from Mississippi [Mr. Sisson] is not here, and I would suggest that we proceed with the reading of the bill, with the understanding that when the gentleman from Mississippi comes in, if he desires to have a little time, he may have it by unanimous consent under the five-minute rule. That will save time, and we can get along with the reading of this bill.

The CHAIRMAN. The Clerk will read the bill under the five-minute rule.

The Clerk, proceeding with the reading of the bill, read as follows:

For miscellaneous items, exclusive of labor, \$100,000.

Mr. BLANTON. Mr. Chairman, I move to strike out the last word, which is not a word but the figures "\$100,000."

I do this merely for the purpose of calling attention to this item, which is, for miscellaneous items, \$100,000. They can itemize the little appropriations in this bill of \$200 or \$300, some of them as small as that, but when it gets up to a big item like \$100,000 they call it miscellaneous. "Miscellaneous" embraces everything.

From suggestions made by a number of the chairmen I had been hoping that this mode of appropriation was going to be stopped by the new Appropriations Committee; and as an humble Member of the House I want to register my protest here against this manner of appropriating the public money, "for miscellaneous items, \$100,000." And in that connection I want again to register my protest against the manner of

framing these bills in the Committee of the Whole House on the state of the Union. Here we have a bill that appropriates \$112,705,748.75, and a little handful of Members are here on the floor considering it. This is the time and this is the opportunity when, if there was anything wrong in this bill, the only way on God's earth to get it out would be right at the very time the item was read. If the item is once passed there is no chance on earth to change it, and the membership know it, except by "motion to recommit," which always fails or the defeat of the whole bill; and yet we are reading a bill of this character, taking money out of the Public Treasury by the hundreds of millions of dollars, and the new party in power that has promised so much to the people can not even furnish more than a little handful of men here to consider this measure.

Mr. MOORE of Virginia. May I ask my friend a question?

Mr. BLANTON. Why, certainly.

Mr. MOORE of Virginia. Is there any practical suggestion that the gentleman can make with a view to compelling Members to remain here if they do not care to do so?

Mr. BLANTON. My only purpose is to let the people of the country know that the men who went before them on the hustings as candidates and the representatives of candidates are not carrying out the promises they made to the people who placed them in power. Oh, they say, they are off attending committee meetings. I attended an important committee meeting this morning and also visited several departments. I want to say, as I have heard one of the greatest statesmen of the country here, the ex-Speaker, say that this is the most important committee that ever sits in the business of the House of Representatives. It is the Committee of the Whole House on the state of the Union that frames the appropriation bills, that takes the money out of the people's Treasury. They can offer whatever excuse they want to the people. You offer excuses, but the people do not swallow them.

Mr. MOORE of Virginia. May I ask the gentleman another question?

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Virginia first, because I believe what he has to say might have more substance in it than what the gentleman from Iowa might have to say. [Laughter.]

Mr. MOORE of Virginia. I only wanted to say this to the gentleman: I am fully in accord with his purpose to save money as far as we can properly do it, but I have often had some doubt as to whether a saving will be effected by having a larger number of Members present than commonly attend the meetings of the Committee of the Whole. I know, for example, that in the British House of Commons a quorum in committee of the whole as well as in the House is 40, and legislation seems to be about as carefully and maturely considered there as it is here.

Mr. BLANTON. I can answer the distinguished gentleman from Virginia.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BLANTON. I ask that I may have two minutes more, just to answer the question of the gentleman from Virginia.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to proceed for two minutes. Is there objection?

There was no objection.

Mr. BLANTON. I can answer the gentleman from Virginia by calling his attention to this fact: He has been in this committee because he stays here. He has been here and has seen questions arise in this committee, important questions concerning vital legislation and concerning big appropriations, when three-fourths of the committee present would vote an item in or out of the bill. Then in the House when you have the question put up to a final vote on the proposition and the bells ring over in our offices and a horde of Representatives come rushing over here from the House Office Building to register their vote, yea or nay, they walk in at the door and ask, "What is the vote on?" Then somebody, a page boy or a doorkeeper, gives him his version of what the proposition is, and he votes yea or nay, according to what he thinks will probably save him with his constituency, while the vote of the committee, based upon judgment and based upon understanding of the few present, is set aside by that great horde, ignorant of the question at issue, that marches over here to register their vote. This happens not once, but every Member of this House has seen that occurrence time and time again. That is why I say that the Republican Party, which has promised so much to the people of this Nation, ought to keep a quorum here at least when we are appropriating money by the millions.

The CHAIRMAN. The time of the gentleman has expired. The question is on the amendment offered by the gentleman from Texas.

The amendment was rejected.



The Clerk read as follows:

For reporting the debates and proceedings of the Senate, payable in equal monthly installments, \$30,000.

Mr. MANN of Illinois. Mr. Chairman, I move to strike out the last word. I notice that the appropriation for reporting the debates in the Senate, as carried in this bill, is less than it is in the current law, although this bill provides for the long session of Congress, while the current law provides for the short session of Congress.

Mr. WOOD of Indiana. The amount in the bill is the amount that the Senate submitted in the estimates, and it is to be assumed that they are providing all that is needed.

Mr. MANN of Illinois. Probably they made a mistake.

Mr. WOOD of Indiana. If they did, they can correct it when the bill comes over there.

Mr. SHERWOOD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SHERWOOD. It is vital to know what is to become of those piles of lumber out in front of the Capitol.

The CHAIRMAN. The Chair does not consider that a parliamentary inquiry. The Clerk will read.

The Clerk read as follows:

#### HOUSE OF REPRESENTATIVES.

For compensation of Members of the House of Representatives, Delegates from Territories, the Resident Commissioner from Porto Rico, and the Resident Commissioners from the Philippine Islands, \$3,304,500.

Mr. CAMPBELL of Pennsylvania. Mr. Chairman, I offer the following amendment as a new paragraph.

The Clerk read as follows:

Amendment by Mr. CAMPBELL of Pennsylvania: Page 9, after line 24, insert a new paragraph to read as follows:

"On and after March 4, 1921, the compensation of Senators, Representatives in Congress, Delegates from Territories, and Resident Commissioners from Porto Rico and the Philippine Islands shall be at the rate of \$10,000 per annum each."

Mr. WOOD of Indiana. Mr. Chairman, I make the point of order.

Mr. BLANTON. Mr. Chairman, I make the point of order against the amendment. It is legislation on an appropriation bill and out of order.

The CHAIRMAN. The Chair sustains the point of order.

Mr. BLANTON. If the gentleman desires to talk about it, I will reserve it.

Mr. CAMPBELL of Kansas. Mr. Chairman, I make the point of order.

Mr. BLANTON. Mr. Chairman, I make the point of order.

The CHAIRMAN. The Chair sustains the point of order, and the Clerk will read.

The Clerk read as follows:

Chaplain: For chaplain, \$1,200, and \$600 additional so long as the position is held by the present incumbent.

Mr. WOOD of Indiana. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Committee amendment: On page 10, strike out lines 10 and 11, and insert in lieu thereof the following:

"Chaplain: For chaplain, \$1,200; for compensation of Henry N. Couden, chaplain emeritus of the House of Representatives, in accordance with the resolution adopted January 6, 1921, \$1,500."

Mr. WOOD of Indiana. Mr. Chairman, the last portion of this amendment is in accordance with the resolution which passed the House a few days ago fixing the salary of Dr. Couden at \$1,500. The other portion of the amendment is to provide for the elimination of the \$600 additional, which the bill provides shall be paid to the Chaplain so long as the position is held by the present incumbent.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Indiana.

The amendment was agreed to.

The Clerk read as follows:

Under Superintendent of the Capitol Building and Grounds: Chief engineer, \$2,160; four assistant engineers at \$1,440 each; machinist, \$1,400; electrician, \$1,400; 24 elevator conductors, including 14 for service in the House Office Building, at \$1,200 each, who shall be under the supervision and direction of the Superintendent of the Capitol Building and Grounds; laborer, \$800; 3 charwomen; in all, \$41,040.

Mr. JOHNSON of Washington. Mr. Chairman, I move to strike out the last word in order to ask the chairman of the committee why it is that janitors in some cases are paid \$1,000 and in others \$720 a year? The janitor to the Committee on Elections No. 1 receives a salary of \$1,000 a year.

Mr. WOOD of Indiana. These are the salaries that have been carried right along, and are in accordance with the estimates that were submitted. I suppose some of them have more janitor service to perform than others.

Mr. MANN of Illinois. If the gentleman will yield, I can answer the question specifically in regard to the Committee on Elections No. 1. The salary of the janitor to that committee

was raised to \$1,000 when I was chairman of that committee, because I had a very efficient man, and the Committee on Accounts recognized that fact and brought in a resolution fixing his salary at \$1,000. If the gentleman will get as efficient a man, perhaps the Committee on Accounts will do the same thing for him, if it has not already done so.

Mr. JOHNSON of Washington. As a matter of fact, then, where the pay is in excess of \$720 it is probably due to a resolution from the Committee on Accounts?

Mr. WOOD of Indiana. Yes.

Mr. MANN of Illinois. Either by resolution of the Committee on Accounts or, in a few cases, by action of the House in the consideration of the bill, although that has been rare.

Mr. JOHNSON of Washington. Mr. Chairman, I withdraw the pro forma amendment.

The Clerk read as follows:

For police force, House Office Building, under the Sergeant at Arms: Lieutenant, \$1,200; 13 privates, at \$1,050 each; in all, \$14,850.

Mr. SMITH of Idaho. Mr. Chairman, I move to strike out the last word for the purpose of asking the chairman of the committee whether or not the committee considered the advisability of increasing the salary of the police force at the Capitol. I notice they receive only \$1,050 each. I think that with the exception of Members of Congress, they are the only people who receive any compensation for services rendered to the Government who have not had their salaries increased during the last three or four years.

Mr. WOOD of Indiana. Mr. Chairman, the trouble about that is that some of them are paid different salaries. Some of them get only \$840 a year, but inasmuch as reclassification is to be had, when this matter will be attended to scientifically, we did not undertake to interfere with it now.

Mr. SMITH of Idaho. But the reclassification does not apply to employees at the Capitol, as I understand it.

Mr. WOOD of Indiana. It applies to some of these policemen.

Mr. SMITH of Idaho. I think only those who are engaged in Government service outside of the legislative branch.

Mr. WOOD of Indiana. I apprehend that it will be taken care of.

Mr. SMITH of Idaho. It is not included in the reclassification reports, nor in the bill. It seems to me these men should receive larger compensation because they are on duty for eight hours every day.

Mr. WOOD of Indiana. They are getting the bonus.

Mr. SMITH of Idaho. That is true, but it is a mighty small salary for the character of service rendered. The policemen in the city as I understand it get \$1,600 and \$1,800 per year.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Idaho. Yes.

Mr. SNELL. Could any of these men take a position as a regular policeman in the city? Are they physically fit to do so? Mr. SMITH of Idaho. I do not know whether they could or not, but it costs them just as much to live as it does a policeman on the city force.

Mr. SNELL. Are they not getting as much as they could earn any place in the world at the present time?

Mr. SMITH of Idaho. I think that is not a good argument, because there are a great many Members of Congress who, in my judgment, would not be able to earn half the salary they are now receiving.

Mr. SNELL. That may be, but that does not apply here.

Mr. SMITH of Idaho. Possibly it does not. I really think this worthy class of employees should have further recognition in the general appropriation bill. And, Mr. Chairman, I move that the bill be amended by striking out the sum of "\$1,050" and inserting "\$1,400."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. SMITH of Idaho: Page 14, line 21, strike out "\$1,050" and insert in lieu thereof "\$1,400."

Mr. WOOD of Indiana. Mr. Chairman, I make the point of order against the amendment.

Mr. SMITH of Idaho. And, as a further amendment, I move that the figures "\$1,200," in line 20, be changed to "\$1,600."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

And, on page 14, line 20, strike out "\$1,200" and insert in lieu thereof "\$1,600."

Mr. WOOD of Indiana. Mr. Chairman, I make the point of order against the amendment.

The CHAIRMAN. The point of order is sustained.

The Clerk read as follows:

For maintenance, repair, and operation of a motor truck for delivery of mail, \$600.



Mr. ESCH. Mr. Chairman, I desire to offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.  
The Clerk read as follows:

Amendment by Mr. ESCH: Strike out lines 12 and 13, page 17, and insert the following: "For hire of vehicles for carrying mails, \$4,200, or so much thereof as may be necessary."

Mr. ESCH. Mr. Chairman, this restores the existing appropriation for the carrying of mails of the House Postmaster. The provision in the bill as it now stands allows for maintenance, repair, and operation of a motor truck for the delivery of mail, \$600. It would be utterly impossible to repair, maintain, and operate a motor truck for a year at the rate of \$600. The present arrangement whereby \$4,200 was allowed is for the use of three autos, two Ford machines and one heavy truck. One of these autos is used for the delivery of the CONGRESSIONAL RECORD and other mail to Members residing in various parts of the city of Washington. This delivery is made prior to 7.30 a. m., and this auto alone averages 25 miles a day. Another auto is used for delivery during the daytime and makes on an average of 75 miles per day. Then there is a truck used for the haulage of the heavy sack mail. It was possible to secure the use of those three autos and their operation by an arrangement made by the House Postmaster with a party who operates these three trucks, provides the operators, provides the gas, repairs, and maintenance for the sum of \$4,200 for the current fiscal year. It was not possible to do this under the bids which were offered prior to July 1, last year, the bids being from \$6,500 to \$7,000. In this situation the House Postmaster wrote to Chairman Goop of the Committee on Appropriations, stating his dilemma, \$4,200 being the amount allowed in the law. Mr. Goop justified or concurred, as I understand it, in an arrangement whereby the House Postmaster secured through Superintendent Woods of the Capitol three trucks assigned to him from the Army. Those three trucks were not adapted for mail-delivery purposes, so the party who got the contract remodeled these three trucks so that they would be suitable for delivering the mail at a cost of \$1,200. He has since paid out \$500 for repairs and equipment. That would leave but a very small margin for the contractor. The service that has been given to Members of the House under the existing management has been of the best.

If this appropriation in the bill is carried, together with the following paragraph, the postmaster of the city of Washington will haul the mail from the depot to the House Office Building and from the House Office Building to the depot, and the men operating the trucks will not be under the jurisdiction of the House Postmaster. Those trucks and their operators will be under the jurisdiction of the city postmaster, and I do not believe that in any event we will get as good and efficient service as we are securing under the arrangement which has been made under existing law. For this reason I have asked to restore the appropriation which we have in the existing law to cover the succeeding fiscal year. I do not believe that the provisions in the bill will result in economy. Why, the next paragraph provides that the postmaster of Washington shall do this carrying without reimbursement. This would mean if he can do it without reimbursement he has got more men or trucks than he needs now. It does not seem possible to me that he can operate the trucks that will be necessary to haul the mail from the depot to the House Office Building and from the House Office Building back to the depot every day, something like 13 truck deliveries outgoing and incoming, without expense. He could not do this without using two or three trucks and the employment of two or three men. He would have to maintain a 24-hour service with three men working 8 hours each.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ESCH. Under these circumstances I believe the amendment I have offered should be passed.

Mr. WOOD of Indiana. Mr. Chairman, I hope the amendment offered by the gentleman from Wisconsin will not be adopted. We had very full hearings upon this proposition, not only from the Postmaster of the House Office Building but also from the city postmaster in charge of the city post office. This is the situation presented by the Postmaster of the House Office Building, that he could not take care of the mails within the appropriation and was asking for an additional appropriation and submitted a statement made by the contractor in Pennsylvania—who was not here and paid no attention to this business at all, but had relegated all supervision to some boy—that he was doing this at a loss and could not afford to do it for this amount next year. It did not impress the committee with a very great amount of favor. We then sent for the city postmaster, and the postmaster assured us that he had plenty of

trucks; that he had more trucks than they were using; that they have plenty of time; that they would deliver the mail just as often as the Postmaster of the House Office Building wanted it delivered; that he had the facilities with which to deliver it, and was willing to deliver it as Congress desired it should be delivered as expressed by the postmaster; and it strikes me that we would be very foolish indeed in order to satisfy the caprice and whim of the Postmaster of this House to throw away \$4,000 a year, at least.

We are promised the utmost efficiency, and if it is not had we certainly can have it, for we will still retain jurisdiction in the premises. And in order that there might not be any inefficiency whatever in the delivery of the mail to the Congressmen we have provided that the mail shall be handled by the city postmaster at the suggestion and under the direction of the Postmaster of the House, who should have the interest always of every Member of the House at heart.

Mr. SMITH of Idaho. Do I understand the Postmaster of the House of Representatives suggests this new plan?

Mr. WOOD of Indiana. No. We changed it after the hearing and after we found out that there was plenty of equipment in the possession of the city postmaster and that he could deliver this mail with the force he had and without any additional force, and would deliver it just as often as the Postmaster of the House desired it should be delivered. And at a saving of \$4,000 per year.

Mr. MADDEN. And the schedule to be arranged by the House Postmaster?

Mr. WOOD of Indiana. The schedule to be arranged by the House Postmaster. It is simply the House Postmaster who does not want this thing done.

Mr. SMITH of Idaho. Has it not been the custom for a great many years for the mail to be carried under the direction of the Postmaster of the House from the city post office?

Mr. WOOD of Indiana. Yes; it has. But he says he can no longer deliver it under the appropriation we have made. We find after investigation that we can have it delivered just as promptly and we can save \$4,000 a year.

Mr. SMITH of Idaho. I do not quite understand how you can save \$4,000, because it will certainly cost the Postmaster \$4,000.

Mr. WOOD of Indiana. The city postmaster said he has all the machines necessary to deliver it, and that he has all the force necessary to deliver it, and that it will not require the addition of a single machine or a single man.

Mr. SMITH of Idaho. Very evidently there is somebody down there who is not working, if that is the case.

Mr. WOOD of Indiana. That may be. I expect you will find that in all the departments.

Mr. IRELAND. If that be true, is it working any economy in having that additional help down there, that is unnecessary, to take the supervision of that out of the hands of the House and give it to the postmaster of Washington?

Mr. WOOD of Indiana. There is no provision taking it out of the hands of the House. If the gentleman will read the provisions he will find that this mail is to be delivered absolutely under the direction of the Postmaster of the House.

Mr. IRELAND. What sort of service is promised?

Mr. WOOD of Indiana. According to the schedules fixed by the Postmaster of the House. If he wants it delivered twelve times a day, it will be delivered twelve times a day.

Mr. ESCH. We do not subject the carriers of the city postmaster to any control by the House Postmaster. The House Postmaster can fix the schedules. I will concede that, but who has control over the carriers or the chauffeurs—the men operating these vehicles?

Mr. WOOD of Indiana. The city postmaster has. If the Postmaster of the House fixes a schedule requiring the city postmaster to deliver this mail at stated times, why, the city postmaster will have to deliver it, because of the fact that we ourselves are retaining this jurisdiction, and if the city postmaster fails to do it, I expect we have a remedy that would apply and that would bring about a change very quickly.

Mr. ESCH. Will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. ESCH. I notice that we are dealing very generously with the Senate in this particular. I appreciate it may not be proper for us to interfere with appropriations for the Senate, and I notice, on page 7, we say:

For maintaining, exchanging, and equipping motor vehicles for carrying the mails, and for official use of the offices of the Secretary and Sergeant at Arms, \$7,000, or so much thereof as may be necessary.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. WOOD of Indiana. Mr. Chairman, I ask unanimous consent for five minutes more.



The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. ESCH. I notice on the bottom of page 6 it provides for the Senate post office eight mail carriers and one wagon master and three riding pages.

Mr. WOOD of Indiana. The Senate takes care of its own offices, but I think it would be a matter of very great economy, and save very nearly the amount carried in the mail service for the Senate, if like arrangements were made in regard to that mail. There is no question but that we will get our mail delivered if we desire it to be delivered. If we do not, it is our own fault. And so far as the maintenance of the machines is concerned, the House Postmaster says that under this arrangement he would need only one machine, and that machine for the purpose of delivering the CONGRESSIONAL RECORD around to the different Members of the House throughout the city, and that the appropriation made for its upkeep is sufficient.

Mr. IRELAND. He delivers much heavy mail to the Members also.

Mr. WOOD of Indiana. Yes; in the same machine.

Mr. MANN of Illinois. Will the gentleman from Indiana yield?

Mr. WOOD of Indiana. Yes.

Mr. MANN of Illinois. Do I understand the House Postmaster states that \$600 is sufficient for maintenance, repair, and operation of a motor truck for the delivery of mail?

Mr. WOOD of Indiana. It is a little Ford machine. That is the calculation we made from the testimony submitted by the gentleman, and also from a member of our committee who has run all kinds of trucks.

Mr. MANN of Illinois. I do not know what member of your committee it is, but I submit that anyone who knows anything about a machine knows they can not operate a machine for \$600 a year, and furnish the man and furnish the oil and the repair to the machine.

Mr. WOOD of Indiana. The gentleman from Illinois is not advised with reference to what he has to furnish. A man is already furnished, and it is a part of the patronage, and he will be there, whether he runs this machine or what he runs. This \$600 has nothing to do with paying the chauffeur.

Mr. IRELAND. If, as stated, this machine runs 75 to 100 miles a day, your allowance is not even going to pay for the gasoline.

Mr. WOOD of Indiana. Twenty-five or thirty dollars more probably will do it.

Mr. BRAND. What is it costing now under the present regulations to deliver mail to Congressmen?

Mr. WOOD of Indiana. It is costing something over \$4,000, and the Postmaster of the House states to us that he can not have it delivered to us at that cost next year. We are eliminating \$4,000, except \$600, and arranging to have it delivered by the city post office.

Mr. IRELAND. You are allowing \$7,000 to another body for the same service. They handle four times the mail we do.

Mr. WOOD of Indiana. Possibly that is true.

Mr. IRELAND. You have an excellent service in the House.

Mr. WOOD of Indiana. Yes; we have an excellent service in the House now, and we will have hereafter.

Mr. IRELAND. I am not so sure, if you try to handicap your employees.

Mr. WOOD of Indiana. Let us try it.

Mr. IRELAND. If you want to experiment at the cost of the service, all right.

Mr. BRAND. Mr. Chairman, will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. BRAND. Is this the suggestion of the committee or of the post office?

Mr. WOOD of Indiana. This is the suggestion of the committee, based upon the testimony of the postmaster of the city and the Postmaster of the House. I will state in fairness to the city postmaster that he is not soliciting this thing, and I will state in fairness to the House Postmaster that he is opposed to it, and I will state to the House, in fairness to the Government, that efficiency will not be in the least interfered with, and the work can be done at a saving of \$4,000 a year.

Mr. IRELAND. If it costs that much to deliver the mails, certainly it will cost the city postmaster that much.

Mr. WOOD of Indiana. It will not.

Mr. IRELAND. Then he has too many employees and too great an allowance. Why not economize in the department?

Mr. MANN of Illinois. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Illinois moves to strike out the last word.

Mr. MANN of Illinois. I suppose it would be possible to abolish the Postmaster of the House entirely, and have the mail delivered to the Members of the House from the city post office by carrier service. But for years the House has maintained a Postmaster. Every legislative body maintains a postmaster for its convenience. So far as my observation goes, the present Postmaster of the House is the best Postmaster and gives the best service that has been received since I have been a Member of the House. [Applause.] Certainly there was great complaint only two or three years ago about the House post office service. I have heard of no complaint recently.

Now, there is no more reason, in my judgment, why the House should have its mail delivered by the city postmaster to the House Office Building than there is why it should have its mail delivered by carriers under the city postmaster. If the House wants to obtain prompt and efficient service, and wants to keep that service within the control of its own officers from the time the mail is ready to be delivered from the station or the city post office, it should maintain its own service. Members of the House are constantly sending packages within the city of Washington from their offices to their homes. The city postmaster will not take them. It is a great convenience to the Members. It is a necessary convenience to the Members. The city postmaster will not take them, as I say, and there is no provision here under which they can be delivered, because the \$600 here proposed will not be sufficient.

Now, the talk that the city postmaster can deliver this mail to the House Office Building without cost to the Government shows either that the city postmaster is now grossly extravagant and ought to have his force reduced or it is wild talk. No service can be rendered without expense. The city postmaster now has a force sufficient to make deliveries of the mails to the House post office a certain number of times a day, and if they are idle and if they are not doing anything they ought to be discharged. If the city postmaster is operating more trucks than he has use for he ought to stop it. But to say that he can render this service without expense to the Government is idle. It can not be true, in the nature of things, and if we want to serve the convenience of Members of the House—and the delivery of that mail is a great convenience—if we want to serve the convenience of the House we ought to retain control of the operations of the Postmaster of the House and of the mail coming to the post office of the House.

Mr. WOOD of Indiana. Mr. Chairman, it is just simply a question whether this House wants to waste money or whether it wants to save money. The committee has been proceeding upon the theory that we were trying to save some money without reducing efficiency. When the gentleman states that there is no provision made for the delivery of these packages and things around to the Members of the House gratuitously, he is mistaken. We made provision, and all the provision that is asked by the Postmaster of the House Office Building is for one machine, which, he says, he uses for the purpose of a hack horse for the Members of this House for the delivery of their packages and boxes and whatever they want delivered, so that the gentleman may have ample provision for anything that he wants delivered.

Another thing I want to call attention to is an illustration of the duplication that is going on here. We handle this mail delivered to the House twice when it ought to be handled only once. When it is delivered to the city post office there is a force down there that takes that mail and throws it into as many names as there are Members of this House. Then it is bundled up and resacked and brought up to the House Office Building and it is there rethrown into as many names as there are Members of the House.

Mr. IRELAND. Mr. Chairman, will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. IRELAND. If it is once segregated, it does not need to be segregated again.

Mr. WOOD of Indiana. We think not. We have provided, if this provision obtains, that that duplication should cease. If gentlemen here would take a little time and read the hearings and inform themselves of the facts, instead of coming in here as the partisan advocates of some one, then, perhaps, they would present a better showing as to the situation.

There is no member of this committee that desires to reduce the efficiency of the mail service to the Members in the least. There is no member of this committee but is just as much interested in having the mails properly and efficiently delivered as anybody else in the House. There is no member of this committee that wishes to cast any reflection upon the present Postmaster of the House in the House Office Building. He has done



his work well, and we think we are going to try to help him do it even better. But we do not like the idea and we do not think it commendable that a contract for delivering this mail should be let out to somebody in Pennsylvania, as was done in this case.

Mr. JONES of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. WOOD of Indiana. Certainly.

Mr. JONES of Pennsylvania. Has not the Postmaster stated before the committee that he will not be able to give the efficient service to the Members if the amendment is not adopted?

Mr. WOOD of Indiana. No. He said if we would not increase the appropriation above the amount carried in the bill he would not be able to do it. The evidence discloses beyond peradventure that the city postmaster can do it. It seems that this is the situation in the Post Office Department: A lot of these trucks are used part of the time and some of them all the time. There are many men engaged in the city post office that are very busy for a portion of the time and not busy for another portion of the time.

It is necessary to keep them, because they are required at the peak of their activities. The city postmaster tells us that without any increase and without in anywise reducing the efficiency of this delivery he can take care of these mail deliveries. He has not solicited it. He did not want it, but we asked him in the interest of economy and in the interest of efficiency that he take this burden upon himself.

Mr. MANN of Illinois. I am sure the gentleman did not mean to convey the idea, though I got the idea that the city postmaster thought that when the peak of the load was over, then he could take time to deliver the mails to the House Office Building?

Mr. WOOD of Indiana. No; we asked him if he could deliver this mail on the schedule adopted by the House Postmaster, and he said he could.

Mr. MANN of Illinois. That would naturally come when the peak of the load came on. Then his force would be busy, and he would have to wait until the peak was passed.

Mr. WOOD of Indiana. I expect the city postmaster, if he knows his business, knows more about his requirements than either the gentleman from Illinois or myself.

Mr. MANN of Illinois. I have had a good deal of doubt about it, considering the very inefficient city delivery from the city postmaster. We get good delivery here at the House of Representatives and horrible delivery in our homes.

Mr. WOOD of Indiana. That is due to other causes.

Mr. MANN of Illinois. That is due to the city postmaster and the condition of his efficiency.

The CHAIRMAN. The question is on the amendment of the gentleman from Wisconsin [Mr. Esch].

The question was taken; and on a division (demanded by Mr. WOOD of Indiana) there were—ayes 45, noes 16.

Accordingly the amendment was agreed to.

The Clerk read as follows:

The postmaster at Washington, D. C., without reimbursement therefor shall convey between the city post office and the post office of the House of Representatives, arriving and departing mail of the House of Representatives in accordance with such schedules as may be furnished him by the Postmaster of the House of Representatives.

Mr. MANN of Illinois. I make a point of order against the paragraph.

The CHAIRMAN. The Chair sustains the point of order.

The Clerk read as follows:

For furniture, and materials for repairs of the same, including not to exceed \$12,000 for labor, tools, and machinery for furniture repair shop, \$30,000.

Mr. MANN of Illinois. I move to strike out the last word. The next item in the current law is a provision for packing boxes. It was left out of this bill. I think there is an item in the bill for packing boxes for Senators.

Mr. WOOD of Indiana. Nine hundred and seventy dollars.

Mr. MANN of Illinois. It is not a matter of any very great importance to me personally, but in view of the fact that there is such a turnover—I believe that is the commercial phrase now used in industrial plants—such a turnover in the next House from the present House, so many new Members coming in and so many old Members going out—although this would not apply, of course, to the Members of the present House and would apply to the new Members of the next House—I was wondering what the special reason was for refusing to make provision for packing boxes, especially for the new Members of the next House.

Mr. WOOD of Indiana. I will state the reason that actuated the committee. We appropriated \$6,000 for this purpose last year. The Clerk, who has the expenditure in charge, ascer-

tained that he could not get the boxes without paying three times as much as the appropriation and three times as much as he formerly paid for them. In view of that fact, no boxes were purchased, and I think the Clerk should be commended for his action. In view of the testimony, and because of the high price of these boxes, we felt that we were not warranted in making this appropriation at this time. I expect that the gentleman can get along without a cedar box for one session until the price comes down within reason or the boxes can be manufactured for somewhere near what they were previously manufactured for.

Mr. MANN of Illinois. Of course, cedar boxes are not essential. They are a comparative innovation in the House. The purpose of providing packing boxes was to furnish boxes which could be used in carrying official documents back and forth between Washington and our homes, including a box for shipment of plants from the Botanic Gardens. I am not criticizing the omission of the appropriation. I am frank to say that I have been here long enough to get an accumulation of packing boxes. I expect I am like most of the members of the Committee on Appropriations. I have enough so far as my personal demands are concerned.

Mr. WOOD of Indiana. You might give some of your surplus to some new Members.

Mr. MANN of Illinois. Very likely I may.

Mr. GARNER. Will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. GARNER. I should like to ask the gentleman why it is that they put in the appropriation for the Senate packing boxes and did not put it in for the House?

Mr. WOOD of Indiana. That was the estimate made in the Senate, and the gentleman from Texas understands that it would be lese majesty to attempt any cutting in our neighbor's household.

Mr. GARNER. In other words, if the Senators want 10 boxes apiece, you are going to give them, although you do not think it is necessary for a Member of the House to have one?

Mr. WOOD of Indiana. I think there are a great many things that are included in the Senate estimates, as the gentleman from Texas well knows, that would not be warranted over on our side, things that have grown up out of long years of practice and sanction, and the gentleman knows how jealous we are of any infraction of our prerogatives, and we are not inviting trouble. We have enough of our own.

Mr. GARNER. You thought you would set a good example for the Senate?

Mr. WOOD of Indiana. Yes.

Mr. GARNER. Have you any hope that they will follow it?

Mr. WOOD of Indiana. Not a great deal.

Mr. AYRES. Mr. Chairman, I ask unanimous consent to return to page 8 for the consideration of the item in line 10, for the purpose of offering an amendment.

The CHAIRMAN. The gentleman from Kansas asks unanimous consent to return to line 10, page 8, for the purpose of offering an amendment. Is there objection?

Mr. BLANTON. Reserving the right to object, I want to know is the gentleman's amendment a proposal to add to or to take from?

Mr. AYRES. To take from. It is to strike out the item of \$970 for packing boxes for the Senate.

Mr. MANN of Illinois. I object.

The CHAIRMAN. Objection is heard. The pro forma amendment is withdrawn, and the Clerk will read.

Mr. SMITH of Idaho. Mr. Chairman, I desire to offer an amendment, at the bottom of page 18, to insert the following:

For packing boxes, \$6,000, or so much thereof as may be necessary.

The CHAIRMAN. The gentleman from Idaho offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. SMITH of Idaho: Page 18, after line 26, insert as a new paragraph the following:

"For packing boxes, \$6,000, or so much thereof as may be necessary."

Mr. BLANTON. Mr. Chairman, I make the point of order against the amendment. It is unauthorized by law.

The CHAIRMAN. The Chair is not informed whether there is authority in law for this or not.

Mr. BLANTON. There is no such law. It has been carried in the appropriation bills year after year.

Mr. SMITH of Idaho. Mr. Chairman, will the gentleman withhold his point of order for a moment?

Mr. BLANTON. Mr. Chairman, I think we ought to stop this monkey business.

The CHAIRMAN. The Chair sustains the point of order, and the Clerk will read.



The Clerk read as follows:

Documents: Chief of division, \$3,000; assistants—one \$1,500, one \$840; two translators, at \$1,200 each; stenographer and typewriter, \$900; junior messenger, \$420; in all, \$9,120.

Mr. FESS. Mr. Chairman, I move to strike out the last word. The report this morning of a very disastrous fire last night in one of our Government buildings, which details the total loss of some of the most important documents belonging to the records of the Government, emphasizes again and anew the very great importance of the Government taking expeditious action in the erection of an archives building, fireproof, to make impossible such loss as the Government suffered last night. Some time ago I requested the office of the fire department here in the Capital to give me a record of the number of fires that have occurred in the public buildings of Washington. He gave me the record, starting with 1873, bringing it up to 1916. The list of fires in Government buildings requires a column and a half in the RECORD to detail, something over 200 fires having taken place in Government buildings in Washington since 1873. There were some fires where a total loss occurred. A fire occurred back in 1825 in the library, which caused very nearly a total loss of the famous collection of the Jefferson books. Out of 55,000 volumes in that library at that time only 20,000 were saved.

Some time ago some photographs were taken of the repositories of documents in various sections of the city. I have those photographs here, and a mere look at them will indicate the dismal condition of the storing of some of the rarest documents we have. Take the Treasury Building down here, for example. The attic of that building is shelved with wooden shelves, and documents are put upon those shelves in such way that you can not find some of our documents, and it is questionable whether they could be located. Underneath the sunken yard in front of the Treasury Building there is circular wooden shelving, and all of the spaces are filled with very valuable Government documents.

I am wondering whether the membership of the House know where the vast collection of very important documents in respect to the Expeditionary Forces in recent service are now deposited. They are located down here at Sixth and B Streets in a temporary building. A fire in those buildings would consume them, without doubt. The records of the Civil War, vastly important, had to be taken out of the War and Navy Building when the war came on to make room for clerks who were essential. Those documents have been stored in a garage at Twenty-fourth and M Streets, where it is very easy to have them destroyed by fire. This is only a suggestion of how our documents are scattered.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. FESS. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FESS. Ours is the only Nation of any significance that has not a national archives building. The Federal Government has lagged behind many States in providing protection of its records. Many of the States have archives buildings, which are fireproof. Many others have made no provision. Archives of the various States are stored in old-fashioned buildings in Maine, Delaware, South Carolina, Georgia, Louisiana, Indiana, Tennessee, Illinois, Michigan, Missouri, and West Virginia. There have been fires in those record repositories in West Virginia, Missouri, and Louisiana. Some of those old buildings, however, have the protection of having steel cases. New buildings providing for archives are to be found in Massachusetts, Rhode Island, Pennsylvania, Connecticut, Alabama, Mississippi, Kentucky, and Texas. In those States the archives are located in the capitol buildings, with fireproof protection. Separate archives buildings, apart from the capitol, fireproof, are to be found in New Hampshire, Maryland, Virginia, Wisconsin, Iowa, New York, North Carolina, and Minnesota. In Illinois and Michigan new archives buildings are now under construction.

Realizing the importance of this matter, in 1916 the National Government took the first steps toward the construction of a building of national archives. A commission was appointed to select a site. Recently it was located between Twelfth and Thirteenth Streets and B and C Streets NW., which is just southeast of the Post Office Department and northwest of the National Museum. The site is a good one and not generally expensive. It is now covered with old shacks, and the Treasury I think estimated the cost at about \$480,000 for the entire space.

Mr. MacGREGOR. Mr. Chairman, will the gentleman yield?

Mr. FESS. Yes.

Mr. MacGREGOR. In the construction of these new buildings why do they not raze some of those old shacks on Pennsylvania Avenue and make that street a credit to the city of Washington?

Mr. FESS. If the proposal to erect a modern fireproof building on the site selected is carried out it will be very satisfactory to the people generally, I think. Of course, I agree that the style of buildings near the Capitol is a disgrace to our Nation.

Mr. REED of New York. Can the gentleman tell us where the Constitution and the Declaration of Independence and the treaties are stored?

Mr. FESS. I do not know whether they are in the Library or not.

Mr. REED of New York. They are in the State, War, and Navy Building, which is not fireproof, and they are in a non-fireproof safe.

Mr. FESS. I was not aware just where they are, and I agree they should not be stored in fire shacks. I do not know of any demand for a building that is so imminent and important as this proposed archives building. I have a statement from the head of the manuscript division in Canada. In his letter he makes this remark:

As a matter of fact during the past decade each year has seen our records employed as the deciding factor in suits whose value amounted to more than the total cost of the public archives since the inception of the office in 1872.

I did not get to consult with the committee as to what amount of appropriations we make to simply rent space for the purpose of housing our archives. I see there is an item here of \$1,800 for some place, but that does not anywhere near comprehend the amount of money. I understand it is something like \$70,000. Some years ago it was reported \$50,000. This would amount to 4 per cent on \$1,475,000.

Since there is an authorization to purchase the lot which has now been located by the commission, and there is also authorization for appropriation for the erection of a modern building, I appeal to the Appropriations Committee of the House to take action without delay toward the erection of this building. The fire last night is an emphasis of its necessity. [Applause.]

The CHAIRMAN. The pro forma amendment is withdrawn, and the Clerk will read.

The Clerk read as follows:

Legislative reference: To enable the Librarian of Congress to employ competent persons to gather, classify, and make available, in translations, indexes, digests, compilations, and bulletins, and otherwise, data for or bearing upon legislation, and to render such data serviceable to Congress and committees and Members thereof, \$25,000: *Provided*, That not to exceed one person shall be employed hereunder at a rate of compensation exceeding \$3,000 per annum.

Mr. LUCE. In view of the imperative demand for economy I am not disposed to go beyond the recommendation of the committee with an amendment to increase the appropriation here advised, however desirable such an increase might seem to me. But I think I may be pardoned in taking just a moment of the time of the committee to call again to the attention of Members the facilities of the Library and the opportunities afforded by this appropriation for Members to secure help in the investigation of questions relative to their work. This I undertake to do because I am a member of the Committee on the Library and therefore am supposed to have more than ordinary interest in its affairs. It seems to me that as Members of the House come to learn more and more of the opportunities for help within their reach and to resort to those opportunities, the value of this function of the library work will be the more highly esteemed, and that in the course of time it will prove possible to secure an appropriation commensurate with the real deserts of the service. Permit me to give just one illustration of how this type of work could be put to the benefit of the Congress and of the Nation. I read that in the course of the last 10 months in Japan there have been repeated attempts by great pools involving banks, business men, and the Government to sustain prices artificially and thereby aid certain classes and interests desiring help by reason of the financial depression which visited Japan a little earlier than other parts of the world. I also read that every attempt on the part of the Government and the banks to support unsound credits by organized measures has resulted in further breaks in the market and further disorder, so that the situation in Japan is worse than it was 10 months ago. In view of the proposals here that we attempt much the same sort of thing, it seems needless to dwell upon the value that would accrue to the Congress and the country by having specific and detailed information of the harm that has been occasioned in Japan within those 10 months by such endeavor. A thousand instances might be cited where we could likewise profit if we would but resort to the experience of other lands, and if we would but refresh our memories as



to the experience of our own country in the matter of the problems coming before us. There is nothing new under the sun, and to profit by the experience of our neighbors and our fathers would be our wisest course. Therefore, sir, I suggest that Members of Congress familiarize themselves with the facilities already at hand, and I hope that the information available may be resorted to by them more and more, thus eventually bringing to its fullest use our wonderful treasury of knowledge across the square. [Applause.]

Mr. FREAR. Mr. Chairman, I move to strike out the last two words. Mr. Chairman, I regret very much that the subcommittee saw fit to reduce this appropriation, and yet I want to say this word for the subcommittee. I do not believe there is anyone in this House but appreciates the thankless work which the present subcommittee has been doing. Its members have worked faithfully with a very disagreeable task before them in passing on hundreds of items, and I would be one of the last to criticize any action they may take, but I do feel that few Members know the value of the Legislative Reference Bureau.

On economic, financial, and other matters, when we can not in our offices obtain the facts, it is a wonderful aid to us to have this bureau prepare a needed compilation, which it can easily do if given a sufficient force. Mr. Chairman, in my own State of Wisconsin I believe we spend \$75,000 on our legislative reference bureau every year, or three times what we appropriate here for the entire American Congress. We have an able bureau there, well equipped and invaluable to the State. We go to the bureau here and there for facts that are impossible for us to ascertain with limited means in our offices. If a Member desires only to take simply a newspaper statement or something like that with which to make his argument or offer in support of his bill, why, of course, the bureau is of little use to him, but if he wishes to go to the bottom of the subject and find out what has been done, as the gentleman from Massachusetts has just said, in other countries and in many of the different departments of our own country, then this bureau can furnish it to him. Going to the Congressional Library we only get what limited time and service their clerical force can give to us, but here is a legislative bureau established by the Congress for the purpose of furnishing to Members of the House and Members of the Senate the best information that is accessible and with which we can prepare our bills or through which we can secure data enabling us to discuss matters intelligently. As I have said, in my own State I know we spend three times as much for State use as the American Congress spends for the use of over 500 Senators and Representatives, and even in these days of economy we feel that it is a good investment. It is just like having the best men equipped with the best kind of tools with which to perform a given kind of work compared to the work of a novice. In reference to the budget bill that was presented to this House and passed last session, I know the reference bureau rendered valuable service in furnishing data for arguments urged here upon the floor. It has been equally true of many other matters that involve many millions of dollars to the Government in individual cases. I have before me a little compilation on the sales-tax question. It covers thirty-odd pages in volume, prepared for the Ways and Means Committee by this bureau. The same kind of data was furnished our committee as to the excess-profits laws of foreign countries. No individual Member of Congress could ascertain that intelligently without weeks of work if he desired to offer the facts in the House, because of lack of understanding of the subject and of help required to make the investigation. So I say I regret very much that the subcommittee has cut down the appropriation. I am in hearty sympathy with the efforts of this subcommittee to economize as far as possible, but I trust next time the members will see fit to extend to this Legislative Reference Bureau an appropriation sufficient to make it of much greater service to Congress, because it is a good investment. [Applause.]

The CHAIRMAN. The pro forma amendment is withdrawn, and the Clerk will read.

The Clerk read as follows:

Repairs and improvements: For procuring manure, soil, tools, fuel; purchasing trees, shrubs, plants, and seeds; materials and miscellaneous supplies; traveling expenses and per diem in lieu of subsistence of the director and his assistants not to exceed \$300; street car fares not exceeding \$25; office equipment and contingent expenses in connection with repairs and improvements to Botanic Garden; exchange, care, and maintenance of motor-propelled delivery vehicles; purchase of botanical books and periodicals not to exceed \$100; general repairs to buildings, heating apparatus, packing sheds, storerooms, and stables; painting, glazing; repairs to footwalks and roadways; repairing and putting comfort stations in sanitary condition; repairs and improvements to director's residence; construction of two fumigating plants; all under the direction of the Joint Committee on the Library, \$28,000: *Provided*, That within 30 days after the approval of this act the Secretary of War is authorized and directed to deliver to the Botanic Garden, without payment therefor, two 1-ton motor trucks.

Mr. GARD. Mr. Chairman, I reserve a point of order against the proviso in lines 5 to 8, inclusive, on page 27. I note there are a number of these items in the bill which are characterized in the report as limitations but which seem to me to be legislation on an appropriation bill. I do not know I shall make the point of order, but seek information from the chairman.

Mr. WOOD of Indiana. With reference to these trucks I will state the purpose of the committee in providing as we did for them. There are a number of them. The committee having found a necessity for the trucks and then seeking some plan to get the trucks without having to pay for them out of the immense storehouse of trucks we have in the War Department, we inserted a provision that they should be transferred from the War Department to these several departments.

Mr. GARD. Clearly, as I take it, they are not limitations, since they would call for the expenditure of money rather than limitation.

Mr. WOOD of Indiana. There is no doubt each one of them would be subject to a point of order, but it is one of the exceptions that I think should be permitted, because of the fact it is resulting in the saving of money in the Treasury.

Mr. BLANTON. Will the gentleman yield?

Mr. GARD. Yes.

Mr. BLANTON. If the gentleman will permit me, I would like to call attention to the fact that this director of the Botanic Garden is one of the ablest and most efficient and most industrious employees I know of in the Government service. He is on the job continually, and is one of the most obliging men I ever saw. He is busy all the time in and about the business of the garden.

Mr. GARD. I know Mr. Hess very well, and I agree with what the gentleman says; he is a very fine gentleman and renders an excellent service, but that has nothing to do with this inquiry.

Mr. BLANTON. I do not think that anything we can turn over in this place would be misspent.

Mr. GARD. That has nothing to do with the personnel of the superintendent of the Botanic Garden. The item provides turning over by the Secretary of War, without payment therefor, two 1-ton motor trucks. Just what necessity there may be for two 1-ton motor trucks in the Botanic Garden I do not know. I notice throughout the bill, in different parts of it, this item is repeated. For instance, there is an item for the transfer of a passenger-carrying automobile and the transfer of three light motor trucks, and different items of the same character which, while under the head of limitations in the report of this committee, clearly, to my mind, are not limitations. I do not desire to do anything to impede the progress of economy. If this be economy, I shall not object.

Mr. WOOD of Indiana. I submit to the gentleman whether it is better to buy these machines in the market or ask the War Department to deliver them from their abundance of machines for the use of these various bureaus?

Mr. GARD. That leads me to the inquiry as to the necessity for these things. If they are needed, I expect the gentleman's attitude of transfer is good, but if there is no necessity it would be unwise to transfer them now or buy them in the first instance.

Mr. WOOD of Indiana. In each instance we found the necessity before we entered the order.

Mr. GARD. I would like this information. What is the procedure under this, when this information is made?

That within 30 days after the approval of this act the Secretary of War is authorized and directed to deliver to the Botanic Garden, without payment therefor, two 1-ton motor trucks.

What is the procedure about that? Who selects the trucks?

Mr. WOOD of Indiana. In the case under consideration the Superintendent of the Botanic Garden designates the character of machine he wants.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. GARD. Mr. Chairman, I ask unanimous consent that my time may be extended for five minutes.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. WOOD of Indiana. Following the direction of the Superintendent of the Botanic Garden in this case, we ordered the transfer made. So far as the trucks are concerned, I understand the gentleman who wants a truck will go and pick out the one that is peculiarly fitted to his particular business.

Mr. McLAUGHLIN of Michigan. Was this delivery anticipated before the 4th of March or after?

Mr. WOOD of Indiana. We require that it shall be done within 30 days. Otherwise there would not be any until after July.



Mr. McLAUGHLIN of Michigan. Where does the gentleman get the idea that the official who wishes the truck goes and picks it out and indicates the one he wants, and that it is turned over to him?

Mr. WOOD of Indiana. I know that has been the practice with reference to some of these when we entered an order heretofore.

Mr. McLAUGHLIN of Michigan. Do you know whether that was the practice under the order to the Secretary of War to turn over to the Department of Agriculture trucks for use on the roads?

Mr. WOOD of Indiana. I understand that they turned over a lot of old skeletons.

Mr. McLAUGHLIN of Michigan. Is there any assurance they will not turn over skeletons to the Botanic Garden?

Mr. WOOD of Indiana. The only assurance we have is that they have got substantially what they wanted. We do not undertake to deliver these trucks.

Mr. McLAUGHLIN of Michigan. The gentleman knows the construction put upon the word "trucks" by the Secretary of War?

Mr. WOOD of Indiana. Yes. We are going to have a new Secretary.

Mr. McLAUGHLIN of Michigan. It meant only the running gear, and he took the tops off.

The CHAIRMAN. Does the gentleman from Ohio [Mr. GARD] yield the floor, and to whom?

Mr. GARD. I have the floor.

Mr. McLAUGHLIN of Michigan. I thought the gentleman from Indiana [Mr. Wood] had the floor.

Mr. GARD. I have no objection to yielding to the gentleman.

Mr. McLAUGHLIN of Michigan. I simply suggest the language be made just what the gentleman intends it shall be and leave as little as possible to the Secretary of War.

Mr. WOOD of Indiana. We hope to have a new constructionist.

Mr. GARD. My inquiry is this: Here is a direction to the Secretary of War to do certain things, without apparently any knowledge of what existing conditions are. This is an appropriation bill. Of course, the policy of the appropriation bills is, or should be, to appropriate money merely, and where legislation is necessary that should belong to the proper committee, in this instance the Committee on Military Affairs, to determine the policy of the transfer of these trucks. How many of them there are, when they should be transferred, the procedure of transfer, and everything of that kind, would seem to me to be more properly expressed by the committee having the legislative power of determination by investigation, and then recommendation after such consideration, rather than to get it tacked on an appropriation bill.

Mr. SNYDER. I would like to ask the chairman, if he will permit me, where the provision is for chauffeurs and operators for these trucks after they are turned over to the various departments?

Mr. WOOD of Indiana. In the case that we have now under consideration one of the gardeners would run that machine, as I understand.

Mr. SNYDER. Then it does not create a new position?

Mr. WOOD of Indiana. No; it does not create a new position, and I do not know of any instance where these orders will.

Mr. SNYDER. Does not the gentleman think that the next step will be to create a position?

Mr. WOOD of Indiana. That may be true. There is a never-ending sausage, you know, from year to year.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. WOOD of Indiana. Certainly.

Mr. REED of New York. Was it not testified that there is an employee there now who can run these trucks?

Mr. WOOD of Indiana. Yes. I may say that these are not original trucks. They are intended to replace old and worn-out trucks, so that it is not a new addition.

Mr. GARD. Mr. Chairman, I am constrained to make a point of order against this provision, against the proviso on line 5.

The CHAIRMAN. The point of order is sustained.

Mr. DUNBAR. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Indiana moves to strike out the last word.

Mr. DUNBAR. I want to ask the chairman to what extent the Secretary of War has sold motor trucks as requested by Congress?

Mr. WOOD of Indiana. Well, to a very limited extent. I think it is almost impossible to get any direct information. The Secretary of War has not paid very much attention to the orders of Congress with reference to this matter.

Mr. DUNBAR. There are in various cantonments throughout the country a great many motor trucks, are there not?

Mr. WOOD of Indiana. Hundreds of thousands.

Mr. DUNBAR. It seems to me that while these committees are supposed to attend to their own duties and be known distinctively as appropriating committees and lawmaking or legislating committees, if they keep within their respective jurisdictions and scope, it is going to cost this country a great deal of money. If we have hundreds of thousands of motor trucks, or tens of thousands of motor trucks in the various cantonments throughout this land, and two of them are needed in the Botanic Garden, it does not seem to me that a point of order under those conditions should prevail, or if a point of order can be made it does not seem to me that it should be made. If these trucks are needed in the Botanic Garden and we have trucks throughout the land that are rusting, they should be made available to do work and service to the Government.

Now I want to ask our chairman another question. Is there not some way by which these two trucks can be obtained to do useful work?

Mr. WOOD of Indiana. Yes; they could be obtained, as suggested by the gentleman from Ohio [Mr. GARD], by the proper legislation coming from a committee. In this case it would be the Committee on the Library, which has charge of the Botanic Garden. But this would be a simpler way to do it. But we have to bow to the inevitable, no matter how technical it is, when the point of order is invoked.

Mr. MOORE of Virginia. Mr. Chairman, may I ask the gentleman a question? I quite agree with the view expressed by the gentleman from Ohio [Mr. GARD]. But it seems to me very inexpedient for us to take the position that there shall be no legislation whatever on appropriation bills, because such legislation is so often useful. I am talking about the inexpediency of strict adherence to the rule. It strikes me that if it is insisted that there shall be no legislation whatever on appropriation bills it will become very desirable for the subcommittees of the Committee on Appropriations to point out in their several reports legislation which they suggest as proper to be enacted, so that the legislation suggested can be considered by the proper committees and the Members of the House as well. So far as the proposition of the gentleman from Ohio is concerned, I would not object to it going into this bill, but if that is impossible it seems to me that the plan I indicate ought to be adopted as an alternative. Otherwise the House committees and the Members of the House will not be advised as to legislation that might prove altogether desirable and useful. [Applause.]

Mr. WOOD of Indiana. I think the suggestion is a very good one.

The CHAIRMAN. The pro forma amendment is withdrawn. The Clerk will read.

The Clerk read as follows:

For carrying on the work of the Bureau of Efficiency as authorized by law, including salaries and contingent expenses; supplies; stationery; purchase and exchange of equipment; printing and binding; traveling expenses; per diem in lieu of subsistence; not to exceed \$100 for law books, books of reference, and periodicals; and not to exceed \$100 for street car fare; in all, \$125,000: *Provided*, That not more than 15 persons shall be employed hereunder at a rate of compensation in excess of \$3,000 per annum.

Mr. MacGREGOR. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from New York moves to strike out the last word.

Mr. MacGREGOR. I am not convinced of the efficiency of the Bureau of Efficiency. I had supposed that the Bureau of Efficiency had to do with changing these departments around, and changing divisions around, as was done in a case that was called to my attention the other day, where one office in one of the departments was moved eight times in 26 days. This has nothing to do with that?

Mr. WOOD of Indiana. Oh, no.

Mr. MacGREGOR. What department has to do with that?

Mr. WOOD of Indiana. Well, some of the departments that have not very much else to do. [Laughter.] Those that have nothing at all to do are in a constant state of moving. [Laughter.] The Bureau of Efficiency has nothing to do with that. There is a joint committee of the House and Senate that has space-allotment jurisdiction. That joint committee allots space. I do not know whether the case the gentleman has in mind comes under their jurisdiction or not. But the Bureau of Efficiency has nothing to do with space.



Mr. MACGREGOR. I was informed the other day by an official in the Navy Department that years ago they were moved around rapidly, resulting in a destruction of furniture in the process of moving running up into thousands of dollars.

Mr. WOOD of Indiana. No doubt that is true.

Mr. MACGREGOR. I note in the hearings that the Bureau of Efficiency credits itself with saving to the Government \$2,000,000 by saving interest charges. Can the gentleman from Indiana illuminate us on that item?

Mr. WOOD of Indiana. I do not recall exactly what that has reference to, unless the hearings themselves divulge it. It may have something to do with their recommendations in regard to the abolition of the subtreasuries. I do not know whether that is so or not.

Mr. MACGREGOR. They are trying to prove that they are saving the Government a great deal of money. They credit themselves with the saving of about \$4,139,940 to the Government, and included in that is \$2,000,000 in interest charges. I was interested in trying to ascertain where they get that from.

Mr. WOOD of Indiana. It was estimated by the Treasury Department that by abolishing the subtreasuries there would be a saving of something like \$2,000,000. Whether or not this has reference to that I can not say.

Mr. DUNBAR. Mr. Chairman, I move to strike out the last two words. I notice that the bill provides limitations for the Bureau of Efficiency regarding the amount of money they may spend for law books, and also the amount of money they may spend for street car fares. Now, does the chairman of the Committee on Appropriations believe that we should dictate to the Bureau of Efficiency to the extent of telling them that they shall not expend more than \$100 for street car fares? Does the gentleman suppose the Bureau of Efficiency has not discretion enough to know whether or not it would be advantageous to efficiency to spend more than \$100 for street car fare and for law books? As they are the supreme authority as to what constitutes efficiency, why should we try to dictate to them how much money they shall spend for street car fare and how much for law books?

Mr. BEGG. In the light of all the remarks that have been made about bad administration or maladministration in the departments, should not this be headed "Bureau of Inefficiency"?

Mr. DUNBAR. I do not know anything about that. I have no right to say that they are inefficient, so far as the Bureau of Efficiency is concerned.

Mr. BEGG. If half the speeches made about them on the floor of the House are correct, they have not done anything.

Mr. DUNBAR. I do not think we ought to limit the Bureau of Efficiency and tell them how much they should spend for street car fare.

Mr. BRIGGS. Mr. Chairman, I rise to oppose the pro forma amendment. I want to ask the chairman of the committee whether he took occasion to investigate the work that the Bureau of Efficiency has been doing for some time past and if he can give the House some distinct idea just what have been the accomplishments of this bureau and what is the justification for the retention of it?

Mr. WOOD of Indiana. The Bureau of Efficiency has been of very great service to the Government. It has been prevented from doing still greater service by reason of the obstructions placed in its way by some of the old-fashioned bureaus and the old-fashioned management of them. But wherever it has had an opportunity to exercise its function it has resulted, without a single exception as far as my knowledge goes, in an increase of efficiency in the department where it has applied its work, and also in the saving of money. That is noticeably true in the Post Office Department. It is likewise true in The Adjutant General's Department. It has been tried in various departments.

Mr. BRIGGS. Will the gentleman state in what respect these savings have been accomplished or these departments made more efficient through the intervention of the Bureau of Efficiency?

Mr. WOOD of Indiana. By the introduction of new methods.

Mr. BRIGGS. What new methods, for instance—anything concrete?

Mr. WOOD of Indiana. In the Post Office Department by new methods of handling the mail and by new methods of handling their business and new methods of accounting and new methods of filing. There are innumerable things which are small in themselves but which in the aggregate amount to millions of dollars in money. Many of the departments are still pursuing the same archaic, obsolete methods that they pursued a century ago when there was no necessity for the improvements, and have never made them, and some of the departments

still cling to those methods because of the fact that they have had them so long that they think it is sacrilege to change them.

Mr. BRIGGS. Have the departments in which these suggestions have been made from the Bureau of Efficiency been observing those recommendations and following them out, as far as the gentleman knows?

Mr. WOOD of Indiana. Yes; and many of them commend them. Some of them have resisted the attempts of the Bureau of Efficiency and have resented being interfered with. One of the advantages that we hope to have in the new budget system, whereby a different scheme of efficiency may be provided, will be the fact that whatever is proposed will be permitted to function and the attempt will not be thwarted.

Mr. BRIGGS. Has the Bureau of Efficiency ever undertaken to indicate to Congress the overlapping of work by various departments and how the working force could be reduced and more efficiency could be brought about in the departments?

Mr. WOOD of Indiana. Yes; time and time again. They are doing it at all times.

Mr. MOORE of Virginia. May I suggest this to the gentleman? I do not know what the Bureau of Efficiency has done or is doing or proposes to do; but does not the existence of the Bureau of Efficiency and of the Joint Committee on Reorganization, that has just been created, and the prospective existence of the bureau of the budget represent the very sort of duplication that we want to avoid?

Mr. WOOD of Indiana. To a certain extent.

Mr. MOORE of Virginia. If I may ask the indulgence of my friend a moment longer, the bureau of the budget is directed by the bill that has passed the House to do the very kind of work that the Bureau of Efficiency is doing. The joint legislative committee is directed to do the same kind of work. Pretty soon we will have three agencies in the field duplicating the efforts of one another.

Mr. WOOD of Indiana. I suppose there is some truth in that; but, as I understand it, if the budget system is adopted, the Bureau of Efficiency will be absorbed in that scheme. As I understand, this Committee on Reorganization is for the purpose of bringing about the consummation of the very things that we desire to have operated in the future through the budget system.

Mr. MOORE of Virginia. Expressing my own personal view, I think it would be a great mistake for the joint committee not to coordinate its efforts with those of the bureau of the budget, assuming that that bureau is soon going to be formed; and if these two agencies work together I can not see the necessity for maintaining the Bureau of Efficiency, although the gentleman may have facts that would indicate that it is important to do so.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BRIGGS. Mr. Chairman, I ask unanimous consent for an extension of two minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WOOD of Indiana. I just stated to the gentleman that I think when the budget system is put into operation, as we hope it will soon be, and this reorganization has been had, the present Bureau of Efficiency will be absorbed and become a part of that system.

Mr. MOORE of Virginia. I can not think there is any doubt that the bureau of the budget will be functioning in a comparatively short time. If the bill now pending in the Senate is not enacted into law, there is every reason to believe that a similar bill will be enacted into law shortly after the 4th of March. This proposed appropriation does not become effective until the next fiscal year.

Mr. WOOD of Indiana. I think the gentleman will find that in the budget bill there will be a provision to take over this activity.

Mr. BRIGGS. Mr. Chairman, does the gentleman from Indiana subscribe to the statements in the hearings that this Bureau of Efficiency has saved these large sums of money reported, \$2,000,000 in one case, and so forth?

Mr. WOOD of Indiana. I do not know that I would subscribe to the exact amount. It is a part of human nature to take unto itself as much praise as possible. Men feel that if they do not blow their own horns, others will not. I do know, however, that they have saved millions of dollars to the Government.

Mr. BRIGGS. Does the joint committee which we appointed expect to cooperate with the Bureau of Efficiency?

Mr. WOOD of Indiana. I have nothing to do with either of them, but I take it for granted that, in the interest of good government and the consummation of the very thing for which



the Reorganization Committee was created, there will be such cooperation.

The CHAIRMAN. The time of the gentleman from Texas has again expired, and the Clerk will read.

The Clerk read as follows:

For temporary employees for the Civil Service Commission, \$50,000: *Provided*, That no person shall be employed hereunder at a rate of compensation exceeding \$1,800 per annum.

Mr. SNELL. Mr. Chairman, I move to strike out the last word. Yesterday I asked the gentleman from Indiana [Mr. Wood] in respect to temporary employees. He stated that it was necessary to continue them on account of the war activities, which we are not able to cut off at the present time. At this time, when we are trying to decrease the civil-service force in Washington, it does not seem to me to be necessary to carry additional employees for the purpose of giving civil-service examinations. Will the gentleman please explain this item, so that we may see whether it is not possible to cut it at this time?

Mr. WOOD of Indiana. I would say to the gentleman that we reduced this item \$50,000.

Mr. SNELL. I noticed that.

Mr. WOOD of Indiana. I think it would be a great mistake to cut it out entirely, because of the fact, as I stated yesterday, that some of these war activities are still necessary in winding up the odds and ends of the war. In consequence of that there is devolved on the Civil Service Commission additional work to keep up the necessary temporary employees or the employees that we hope will be employed only temporarily, and that in proportion as they are discharged the necessities in the Civil Service Commission for provision to take care of that excess will likewise diminish. We have been diminishing them, and we felt that we have cut off as much as it is possible to do or as we should do at this time.

Mr. SNELL. It would seem to me that if we are cutting down the general force there would not be any necessity for additional men to prepare civil-service examinations to take on more employees. That is what I can not understand.

Mr. WOOD of Indiana. There is a constant turnover, and if the gentleman will read the hearings submitted by those in charge of the civil service he will find that they are now away behind, so far as their ability to supply the demands of the Government is concerned, with certain character of clerks, most of them of the higher grades; that they have great trouble in getting them, and that they are holding examinations all over the country every month.

Mr. SNELL. It would not take a great many employees here to take care of those special examinations.

Mr. WOOD of Indiana. They are special only in the sense of the limited time we hope to employ them.

Mr. SNELL. It seems to me that if we are going to start to cut down, the proper place would be to start here, and not give so many examinations to people who are trying to get on the rolls.

Mr. MANN of Illinois. Mr. Chairman, will the gentleman yield?

Mr. SNELL. Yes.

Mr. MANN of Illinois. I suppose a large share of this work about examination is vested with officers outside of Washington, such as the Postal Service, where it is not being cut down, but increased.

Mr. WOOD of Indiana. That is true.

Mr. MANN of Illinois. Does the new retirement act put a lot of additional work on the Civil Service Commission?

Mr. WOOD of Indiana. It does, but they have an independent appropriation for that.

Mr. ACKERMAN. Mr. Chairman, I move to strike out the last two words. Why is it necessary at the present time, when we are endeavoring to reduce the number of employees, that advertisements should be posted, notably one which I saw within the last fortnight in the New York post office, reading as follows:

Stenographers and typists: Government urgently needs hundreds of you in Washington; permanent positions, good salaries, opportunity to acquire higher education by night study. See representative of Civil Service Commission at post office or courthouse, any city.

Mr. WOOD of Indiana. I would state that the necessity presumably for that advertisement is because of the constant demand for clerks. It may be interesting to note, as I stated yesterday, that the turnover in a lot of these departments amounts to as much as 40 and 50 per cent a year. More than half, in one case, I think, of the clerical force went out last year. Of course, new ones have to be obtained. That is one of the great reasons for this. I think there will not be such a turnover, in fact I am thoroughly convinced in my own mind there will not be, within the next year, and I think there will be a notable decrease in

the turnover because of the fact that there are not so many inviting places on the outside which will attract civil-service employees away from the Government's employ.

Mr. ACKERMAN. It seems to me that these employees that are about to lose their places in Washington, being in Washington, could be employed, rather than attracting additional employees to Washington.

Mr. WOOD of Indiana. The trouble is that those who quit the service go away. Then there is another proposition with which perhaps the gentleman is not familiar. Under the law these civil-service employees must be drawn from the States of the Union in proportion to their population.

Mr. MADDEN. Mr. Chairman, I move to strike out the last word. During the war, with all the men who were taken out of every activity and put in the Army and with those who had not been taken into the activity of the Army finding ready employment anywhere they wished to go, it was almost impossible to get an eligible list for the civil service. The result was that there were not as many examinations had during the war period as will be had from now on. The Civil Service Commission, of course, is anxious to get an eligible list for every department in the Government. When they advertise that examinations are open to certain classes of employment and ask that those who wish to take the examinations apply to the local civil service secretary, it does not mean that they are offering a position to anybody. It simply means they are taking the necessary precaution to have an eligible list to draw upon when a vacancy occurs in any department. The Civil Service Commission will have undoubtedly more work to do from now on for some time to come than they had during the war, for more people will apply for positions if times get hard than applied for them during the period of prosperity.

Mr. MOORE of Virginia. Will the gentleman yield?

Mr. MADDEN. I will.

Mr. MOORE of Virginia. Is not this a pertinent suggestion in view of the necessity of having an examination. There is a provision of law relative to the quota of employment so far as the respective States are concerned, and very often, while it is found that while the eligible list contains a number of names that those names belong to States that already have their full representation?

Mr. MADDEN. Yes. That is also one of the reasons why these advertisements are necessary; but aside from that, I think it is a very wise precaution for the Civil Service Commission to take in any event, for if we have no eligible list any department that wants help must of necessity take them from the street, and they can only employ them temporarily when taken from the street, and of course they can not expect to get expert help that way, nor can they hope to educate them into being experts during a temporary period, and while it may appear to gentlemen that these advertisements are for places, as a matter of fact they have no such intention. They only give notice to the public that they are to be examined and indicate the places for which the examinations are to take place, and it is then up to those who may wish to enter the Government service either to take or refuse the examinations as they may choose, but having taken them and having passed does not insure them employment at all, for very often after they become eligible and may stand at the head of the list and may be sent for it may prove that they are not qualified to fill the place for which they passed the examination. It is still within the power of the appointing authority to refuse to employ them, even though they may be at the head of the eligible list.

Mr. SNELL. Will the gentleman yield for a question?

Mr. MADDEN. I will.

Mr. SNELL. Are there not a great many employees of these various departments who we expect to disassociate from the civil service list who will be available to fill these vacancies?

Mr. MADDEN. After they are once separated from the service, if discharged, they can not get back into the service again without a new examination.

Mr. SNELL. I mean who want to be transferred to various other departments?

Mr. MADDEN. If they transfer them they are not separated from the service, and you do not reduce the force.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MACGREGOR. Mr. Chairman, I move to strike out the last word. Mr. Chairman, the statement has been made that the number of employees in the Post Office Department has increased. The record shows that it has decreased. In 1916 the post-office employees was 297,681; July 31, 1920, it was 279,072, so there has been a reduction in the employees of the Post Office, according—

Mr. MANN of Illinois. That is on account of the fourth-class postmasters.



Mr. MacGREGOR. I also want to call attention to the fact that we have a very large number of employees for instance in the War Department of 147,212, equal almost to the size of the Army. We have in the Navy Department 90,000 civilian employees, equal almost to the size of the Navy. I would like to ask the chairman of the committee to explain this. In the navy yards on June 30, 1917, they had 2,538 clerks; June 30, 1918, 4,154; June 30, 1919, 4,687, and June 30, 1920, two years after the war, 5,841, an increase over the time when we were actually in war in the number of civilian clerks employed in the navy yards.

Mr. WOOD of Indiana. What page is the gentleman reading from in the hearings?

Mr. MacGREGOR. I am reading from the hearings, but I do not know what page. But that is the fact, there was a large increase on June 30, 1920.

Mr. WOOD of Indiana. We made an appropriation for the Navy Department similar to the one we made in The Adjutant General's office, whereby a considerable increase in their clerical force was made for the purpose of getting out the war records within a certain time, and that accounts for a large proportion of that increase, temporary in character, which will finish its work within the current year. I am also informed there were a great many girls who had a yeoman status during the period of the war, and under the law they were authorized to be transferred and have a civil-service status after the war, which also accounts for a number. They were employed in the Navy as yeomanettes during the war and they became civil-service employees after the war.

Mr. BRITTEN. May I suggest also that many enlisted men in the service of the Navy up to a couple of years ago did all kinds of clerical work in the various navy yards and naval stations of the country. By act of Congress we arranged it so as to dispense with them and now civilian employees are enrolled instead, and that accounts for a great many additional civilian employees in comparison with the years just prior to the war.

Mr. HICKS. Will my colleague yield?

Mr. MacGREGOR. Yes.

Mr. HICKS. Do I understand him to say that those hearings show there are 90,000 civilian employees in Washington?

Mr. MacGREGOR. Not in Washington.

Mr. BRITTEN. That includes all the civilian employees in the various navy yards where construction work is going on.

Mr. MacGREGOR. But these clerks now, as I recall, are in the navy yards and not in Washington.

Mr. HICKS. And probably on the list of mechanics.

Mr. MacGREGOR. These are clerks. They have reduced the number of skilled employees.

Mr. BRITTEN. I think the gentleman is in error about there being 90,000 clerks in the Navy Department.

Mr. WOOD of Indiana. Absolutely. There is not anything like approaching that number.

Mr. MacGREGOR. I have not said so. There are 90,000 civilian employees.

Mr. BEGG. Mr. Chairman, I offer an amendment. On page 29, line 14, I move to strike out the words "\$50,000" and insert "\$35,000."

The CHAIRMAN. The gentleman from Ohio offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. BEGG offers the following amendment: Page 29, line 14, strike out "\$50,000" and insert in lieu thereof "\$35,000."

Mr. BEGG. Mr. Chairman and gentlemen of the committee, I do this for the purpose of finding out, more than for any other reason, if there is really a necessity for \$50,000 of an appropriation for temporary employees in the Civil Service Commission plus the \$305,000 carried in the bill. I am very frank to say I am not convinced by the arguments that have been presented. The gentleman from Illinois [Mr. MADDEN] suggests that it is a wise provision to continually hold examinations in order to fill possible vacancies in the future. That may be true, but it seems entirely inconsistent with everything that is said on the floor of this House by every man on both sides, and which goes undisputed, and which the country at large believes it to be the fact. If this is not a fact, we on this floor better quit pretty soon giving it out as a truism, that there are too many employees in this city of Washington. I get letters, and I take it the rest of you do, saying "Whatever else you do, you best hurry up and get rid of some of the surplus employees in the city of Washington." This advertisement that the gentleman from New Jersey read a moment ago does say, without any equivocation, "The Government urgently needs hundreds of you in Washington," and the chairman of this subcommittee that brings in this bill, if he is quoted correctly in the news-

papers, says that he proposes to turn loose 12,000 employees. Now, if the chairman of the subcommittee is sincere, and if he is giving us nothing but the facts, and if he is going to turn loose 12,000 clerks in the city of Washington, why in the name of all that is decent and fair do we hold examinations in New York City and other cities of the United States, if it is not because the Government needs more employees at permanent positions and good salaries? Now, gentlemen, let us be consistent and fair, not only fair with ourselves but fair with the country at large. Let us not stand on the floor of this Hall and get off a lot of cheap talk of there being 40,000 too many employees in the Government service. If the Government is not short, and there are too many employees, let us stand the gaff, and let loose some of them; stand back of the chairman and fire 12,000 of them, and cut down these appropriations to hold examinations in order to get another horde of people clamoring at the doors and wanting to get on the Government pay roll.

Mr. CLARK of Missouri. Will the gentleman yield?

Mr. BEGG. I gladly yield to the gentleman.

Mr. CLARK of Missouri. If you stop these examinations, you would throw these civil-service examiners out of office.

Mr. BEGG. That is true.

Mr. CLARK of Missouri. And the only way to stop these civil-service examinations is to take those salaries away.

Mr. BEGG. I agree entirely with the gentleman. But just as soon as that is undertaken to be done there are a thousand reasons brought into this House why it should not be brought about. And I sincerely hope that my amendment prevails. It seems to me, if we are sincere, we will begin to pare and begin to trim, and cut some of them off.

Mr. WOOD of Indiana. Mr. Chairman, I hope that the amendment proposed by the gentleman will not carry. I will state that we entered with very great detail into the hearings relative to the Civil Service Commission. In this item they asked for a lump-sum appropriation of \$100,000, and we cut it to \$50,000. We also eliminated from the statutory forces, until I think the total elimination of clerical employees in the Civil Service Commission amounts to between 40 and 50 persons. As I stated a while ago, now, when everything is so chaotic and wrought up in labor circles in this country, and where the turnover is as great as it has been, and is now, we should be careful not to cripple this bureau. Each one of the heads of these bureaus that appeared before the committee were impressing upon us as strongly as they knew how the necessity for increasing the wages of their clerical forces for the purpose of stopping as much as possible their turnover, amounting to 40 per cent and 50 per cent in many instances, and consequently requiring these civil-service examinations—for they can not be filled except from the civil-service list, except temporarily.

I wish to call attention to a concrete case in the city of Chicago. I thought perhaps the gentleman from Illinois [Mr. MADDEN] would call attention to that. The condition in the post office at Chicago became so deplorable and they were so unable to get people from the civil-service list to fill appointments necessary to that great post office that they had to go out and take anybody they could. That condition continued there for a considerable time.

Mr. MADDEN. Yes; it is continuing now. We have 2,500 of them there now of that sort.

Mr. WOOD of Indiana. Conditions are getting better, but the work now devolving upon the Civil Service Commission is greater in proportion than it was during the war, so that I think we would make a very great mistake to cripple this activity of the Government, which, if it properly functions, should be a source of saving to the Government through inefficient service being replaced by efficient service.

Mr. VESTAL. Mr. Chairman, will the gentleman yield?

Mr. WOOD of Indiana. Certainly.

Mr. VESTAL. I understood the gentleman to make the statement a moment ago that if one of the civil-service employees was separated from the service it would become necessary for him to take an examination again before he can get back to work.

Mr. MADDEN. If he is discharged; yes, sir.

Mr. VESTAL. I understand that within a year, if these civil-service employees are separated from the service, they may be reinstated.

Mr. MADDEN. They can be reinstated if they resign. If they are discharged they can not be.

Mr. BYRNS of Tennessee. Mr. Chairman, I agree with the gentleman from Ohio [Mr. BEGG] in what he said with reference to the reduction of the force of employees, but I wish to state to the gentleman that this is not the place to do it. The place to reduce the employees of the departments is in the different appropriations carried for those respective departments.



I want to call the attention of the Members to what will result if they undertake to cut the appropriations of the Civil Service Commission to a point where it will not have a sufficient force to carry on the necessary activities of that commission. As has been stated here, during the war the Civil Service Commission was unable to secure eligible lists for many of the positions in the Government. That was due to the fact that men and women were able to get better and more lucrative employment in other avenues of business. The result is that the Civil Service Commission in many instances has not now a sufficient eligible list to supply vacancies as they occur.

Mr. BEGG. Mr. Chairman, will the gentleman yield?

Mr. BYRNS of Tennessee. I do.

Mr. BEGG. I might suggest to the gentleman that they quit holding examinations such as he describes for positions in Washington and hold them for those places such as the gentleman from Illinois [Mr. MADDEN] speaks of, in the post office in Chicago, which would keep the regular force busy without any temporary employees doing the work.

Mr. BYRNS of Tennessee. These examinations are being held to supply necessary eligible lists for certification. The necessity is not confined to postal employees alone. As has been stated here, the advertisement in itself does not mean that the Civil Service Commission intends to appoint those who pass the examination and secure places for them from the eligible list.

Mr. BEGG. Will the gentleman permit just one word on that?

Mr. BYRNS of Tennessee. I want to submit this to the gentleman first, and then I will yield. If the Civil Service Commission is not permitted to keep up its eligible list, so as to provide a sufficient list to fill vacancies that may occur, then the departments and activities of the Government where there are vacancies will have to appoint temporary clerks outside of the civil service. Those temporary clerks will be picked up here in Washington or vicinity, possibly upon the recommendation of some one, and they may not possess those qualifications they ought to have and will not be appointed as required by law.

There is another reason why the Civil Service Commission should not be reduced too much at this time. They are charged with certain duties under the civil-service retirement act.

Mr. BEGG. There is a special appropriation for that, as the chairman of the committee said.

Mr. BYRNS of Tennessee. Those clerks now being let off on account of reduction in force are under the civil service and are entitled to be carried on the civil-service rolls, and in order to secure appointments to vacancies in some other bureaus they must be certified by the commission. The committee has already reduced the Civil Service Commission in its estimates by 50 per cent in its temporary employees. The commission very insistently urged, as a reading of the hearings will show, that they ought to have \$100,000, but the committee denied that and gave them \$50,000.

Mr. CARAWAY. Mr. Chairman, will the gentleman yield?

Mr. BYRNS of Tennessee. Certainly.

Mr. CARAWAY. Does not the gentleman think that all the departments of the Government here could do their work more efficiently if they had only half of their present force?

Mr. BYRNS of Tennessee. I would not wish to state that so broadly.

Mr. CARAWAY. If the gentleman will go down there and see what the conditions are in the departments I believe he will admit that 50 per cent of them could do the effective work of the departments.

Mr. BYRNS of Tennessee. I do not think I would put it as broadly as the gentleman states it. There are undoubtedly a great many departments which have an excess of clerks.

Mr. JONES of Texas. Mr. Chairman, will the gentleman yield?

Mr. BYRNS of Tennessee. Yes.

Mr. JONES of Texas. If I understood the purpose of the amendment, it was to cut out the examinations that are held throughout the country.

Mr. BYRNS of Tennessee. I do not know that it would cut them all out, but it would have a tendency to do that.

Mr. DOWELL. Mr. Chairman, the chairman of the committee has stated that this allowance last year was \$100,000 and it has been cut to \$50,000. I recall hearing the gentleman state yesterday that the committee had been unable to receive any assistance whatever from any of the departments of the Government relative to economy in the transaction of the business of the departments.

Now, I believe, if we are going to undertake to dispense with the extra clerks in Washington, we ought to start now, and I

am in favor of this amendment, and I would favor it if it cut out this entire appropriation. It occurs to me that \$305,000 is sufficient for this department in time of peace to secure all the assistance that we need in Washington. If we dispense with some of the 40,000 clerks that the gentleman from Illinois [Mr. MADDEN] so vigorously a few months ago protested we ought not to have, we would not need so many employees in this bureau, and I think we should start now to cut out all of the unnecessary employees. The chairman of the committee has frankly stated that he does not know that this is necessary. He said that the departments would not give him any assistance. I am in favor of the House giving him some assistance to cut this appropriation, and I heartily favor the amendment of the gentleman from Ohio [Mr. BEGG].

Mr. JONES of Texas. Mr. Chairman, if I understand the purpose of the amendment, I do not believe its adoption would be wise. As I understood the gentleman who presented it, he stated that it would do away with a great many examinations that are held in the country.

Mr. BEGG. No; it would not. I just wanted to cut down the temporary employees \$25,000.

Mr. JONES of Texas. My reason for wanting to address the House in opposition was the understanding I obtained from Members that it would do away with a great many of the examinations held over the United States, and, of course, that would keep the people from the various sections of the United States from having an opportunity to come here and secure these positions.

Mr. BEGG. All I was after was to cut out the employees here.

Mr. JONES of Texas. I wanted to find out about that. If that was the purpose of his amendment, I have no objection.

Mr. SMITH of Idaho. Will the gentleman from Indiana yield for a question?

Mr. WOOD of Indiana. Certainly.

Mr. SMITH of Idaho. When the Civil Service Commission was first authorized and began to operate there were examiners traveling around the country holding examinations. What is the present method of holding examinations?

Mr. WOOD of Indiana. They hold these examinations in all the principal post offices throughout the United States, and a board is selected from the post-office employees, generally supervised by the postmaster.

Mr. SMITH of Idaho. So that as a matter of fact there is very little expense in sending out traveling examiners?

Mr. WOOD of Indiana. There will not be nearly so much expense hereafter. We have taken out some of those examiners.

The CHAIRMAN. The question is on the amendment of the gentleman from Ohio [Mr. BEGG].

The question being taken, on a division (demanded by Mr. BEGG) there were—ayes 28, noes 35.

Mr. DOWELL. Mr. Chairman, I ask for tellers.

The CHAIRMAN. The gentleman from Iowa asks for tellers. Those in favor of ordering tellers will please rise and stand until they are counted. [After counting.] Eleven Members, not a sufficient number, and tellers are refused.

Accordingly the amendment was rejected.

The Clerk read as follows:

Field force: District secretaries—2 at \$2,400 each, 1 at \$2,200, 4 at \$2,000 each, 5 at \$1,800 each; clerks—1 of class 4, 1 of class 3, 1 of class 1, 7 at \$1,000 each, 6 at \$900 each, 5 at \$840 each; messenger boy, \$480; in all, \$45,680.

Mr. PARRISH. Mr. Chairman, I move to strike out the last word, for the purpose of asking the chairman of the committee concerning an item we have just passed, the Bureau of Efficiency, on page 28. What is the reason or necessity for the Bureau of Efficiency, in view of the resolution which has become a law, by which we have a joint committee to look into this very subject?

Mr. WOOD of Indiana. If the gentleman had been present when we had this item up, there was a very full discussion on the proposition, and the gentleman can save time by reading it to-morrow.

Mr. PARRISH. I was temporarily out of the Chamber at the time. That was the reason I asked the question.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

No detail of clerks or other employees from the executive departments or other Government establishments in the District of Columbia, to the Civil Service Commission or its field force, excepting the fourth district, for the performance of duty in the District of Columbia, shall be made for or during the fiscal year 1922. The Civil Service Commission shall, however, have power in case of emergency to transfer or detail any of its employees herein provided for to or from its office force, field force, or rural carrier examining board.

Mr. GARD. Mr. Chairman, I reserve a point of order against the paragraph included between line 22, on page 29, and line 5,



on page 30, for the purpose of making an inquiry of the chairman of the committee.

The CHAIRMAN. The gentleman from Ohio reserves a point of order.

Mr. GARD. What is the reason for this legislative provision concerning the detail of clerks or employees from the executive departments?

Mr. WOOD of Indiana. I think there are about 120 details from the various departments, not all in the city of Washington, but operating throughout the country, who assist in these examinations. It was the desire of the Civil Service Commission to have all these details transferred directly to them and made statutory; but in view of the fact that they came from all the different departments and some of them came from the department where appropriations are carried outside of this bill and outside of the Committee on Appropriations, it was impossible for us to ascertain them; and in order to make the reductions where they should be made this provision was inserted. These details are essential in the conduct of these various examinations.

Mr. GARD. It says that no detail shall be made during the fiscal year 1922.

Mr. WOOD of Indiana. That relates to the District of Columbia, excepting the fourth district.

Mr. GARD. The gentleman said they were necessary.

Mr. WOOD of Indiana. They are.

Mr. GARD. This would seem to provide that the details should not be made. What is the fourth district?

Mr. WOOD of Indiana. It comprises almost all the Southern States excepting Maryland, and perhaps Virginia and West Virginia.

Mr. MANN of Illinois. If the gentleman will permit, I think formerly a very large proportion of the employees under the Civil Service Commission were there by detail from other departments. I am under the impression, though I am not sure about that, that the original law authorized details to be made; and if we had cut out the appropriation which it was proposed to reduce a moment ago, the Civil Service Commission, unless some provision were made about details, would get all the clerks they wanted by getting details from other departments. The abuse grew to be so great that some years ago Congress put in a provision of law forbidding details to the District of Columbia except in certain cases. That is what this provision is. It is not new in the law.

Mr. GARD. The latter part of it is new, is it not?

Mr. MANN of Illinois. No.

Mr. WOOD of Indiana. No.

Mr. GARD. Lines 2 to 5?

Mr. MANN of Illinois. No; not any part of it is new.

Mr. GARD. I was under the impression that the latter part was new legislation.

Mr. MANN of Illinois. I think not. I think that is in the current law.

Mr. WOOD of Indiana. It is just exactly the same as the current law.

Mr. GARD. I withdraw the point of order.

Mr. WINGO. I move to strike out the last word. I will ask the chairman of the committee what is the idea in prohibiting this detail of clerks from the executive departments here in Washington to go into any district except the fourth district? Why do you permit them to detail employees from the executive departments in Washington to go into the Southern States to hold these examinations and not in other States?

Mr. WOOD of Indiana. It relates entirely to the District of Columbia. It is not for the purpose of making any discrimination against the South or doing anything to the South. As I understand, it is for the purpose of providing, in spite of the general provision of law, that these details may be made in the fourth district, and they use them in the District of Columbia.

Mr. WINGO. Possibly I expressed myself incorrectly. Why permit them to put people on the rolls, to take the rural carrier examination board, for instance, and say, "We will detail you to come to Washington from the Southern States?"

Mr. WOOD of Indiana. They do not do that.

Mr. WINGO. This authorizes that. This is a prohibition against every part of the country except the fourth district, which the gentleman explains includes all of the South except Maryland, Virginia, and West Virginia.

Mr. WOOD of Indiana. Yes.

Mr. WINGO. What is the necessity of detailing a member of the rural carrier examining board in Fort Smith, Ark., say, to go to Washington to assist in holding an examination in the District of Columbia?

Mr. WOOD of Indiana. I do not think there is any necessity for it at all, and I do not think it is done.

Mr. WINGO. This will permit it.

Mr. WOOD of Indiana. It says they may do it. As I state, this is a mere matter of convenience of the operation of the office in the District of Columbia. As stated by the gentleman from Illinois [Mr. MANN], the Civil Service Commission at one time was simply an adjunct of the Department of the Interior, and all of their employees were by detail. The growth of the Civil Service Commission has been a matter of evolution from the time of its creation in the Interior Department until this time. Possibly amendments should be made to it, but, so far as the practice is concerned, none of the things which the gentleman fears might be done is done.

Mr. WINGO. The language is a little complicated. I interpret the language to mean that they could not detail clerks from these executive departments here in Washington to go out and do these things except in the fourth district, but the gentleman says it is just the opposite. I confess it is confusing to me. Here is the point I have in mind. I see no necessity for ordering applicants for examination as rural carriers, for instance, to go from the county seat of one county to another county for the purpose of taking the examination, when there is a second-class office in the county, and the examination is to be held for that county and there is a local representative among the clerical force as a clerk in the post office. The gentleman catches what I am driving at.

Mr. WOOD of Indiana. I understand.

Mr. WINGO. Why put the applicant to the expense of going to another place, or why have a civil-service employee in one town in Arkansas, say, go to another town in Arkansas to hold an examination when you have a civil-service examiner on the clerical force in that town?

Mr. WOOD of Indiana. Do they do that?

Mr. WINGO. Yes; they do.

Mr. WOOD of Indiana. I do not know about that practice, but the confusion the gentleman has with reference to this item is perhaps due to the fact that there is a sort of double-jointed arrangement here. This is the home office, and this is the headquarters of the field office for this fourth district.

Mr. WINGO. The first part of the language provides that no detail of clerks or other employees from the executive departments in the District of Columbia to the Civil Service Commission shall be made. In other words, you can not detail anybody from the Post Office Department to the Civil Service Commission or to its field force.

Mr. WOOD of Indiana. Except in the fourth district.

Mr. WINGO. Except the fourth district. It does not mean they are limited to work here in the Civil Service Commission. According to that it means that they can not take anybody from the executive departments in Washington and detail them either to the Civil Service Commission or its field force, excepting the fourth district. I may be in error, but that is the way I read the language.

Mr. WOOD of Indiana. It is because of the fact that this is the headquarters, where a great volume of business is transacted, and it becomes necessary to make these details in this district to take care of that volume of business.

Mr. WINGO. Why is it peculiarly true as respects the fourth district?

Mr. WOOD of Indiana. Because of the fact that this is the headquarters for all of the United States in that respect.

Mr. WINGO. It is the headquarters for all of the other districts?

Mr. WOOD of Indiana. That is true.

Mr. WINGO. That is what I do not understand. I move to strike out the words "excepting the fourth district."

The CHAIRMAN. The gentleman from Arkansas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. WINGO: Page 29, line 25, after the word "force" strike out "excepting the fourth district."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was rejected.

The Clerk read as follows:

#### DEPARTMENT OF STATE.

For Secretary of State, \$12,000; Undersecretary of State, to be appointed by the President, by and with the advice and consent of the Senate, \$7,500; Assistant Secretary, \$5,000; Second and Third Assistant Secretaries, at \$4,500 each; Director of the Consular Service, \$4,500; officers to aid in important drafting work—8 at \$4,500 each, 5 at \$4,000 each, 15 at \$3,500 each, 15 at \$3,000 each, 17 at \$2,500 each, to be appointed by the Secretary, any one of whom may be employed as chief or assistant chief of division or as chief of bureau, or upon other work in connection with the foreign relations; assistant so-



licitors of the department, to be appointed by the Secretary—5 at \$3,000 each, 2 at \$2,500 each; chief clerk, who shall sign such official papers and documents as the Secretary may direct, \$3,000; law clerks—1 at \$2,500, 2 at \$2,250 each, 3 at \$2,000 each; law clerk and assistant, to be selected by the Secretary to edit the laws of Congress and perform such other duties as may be required of them, at \$2,500 and \$1,500, respectively; 2 translators, at \$2,100 each; private secretary to the Secretary, \$2,500; private secretary to the Undersecretary, \$2,000; clerk to the Secretary, \$1,800; clerks—27 of class 4, 30 of class 3, 40 of class 2, 63 of class 1 (3 of whom shall be telegraph operators), 40 at \$1,000 each, 10 at \$900 each; lithographer, \$1,400; chief messenger, \$1,000; eight messengers; 27 assistant messengers; 4 messenger boys at \$420 each; packer, \$720; 7 laborers; 4 telephone switchboard operators at \$720 each; chauffeur, \$1,080; 10 charwomen; in all, \$603,640.

Mr. CONNALLY. Mr. Chairman, I make the point of order against the language on page 31, line 16, "Undersecretary of State, to be appointed by the President, by and with the advice and consent of the Senate, \$7,500"; and on page 32, lines 10 and 11, to the language "private secretary to the Undersecretary, \$2,000," on the ground that it is not authorized by law and constitutes a change of existing law.

The CHAIRMAN. Does the gentleman from Indiana desire to be heard on the point of order?

Mr. WOOD of Indiana. As I understand it, these offices were not created by any statute. They have been carried here through the administration of Dr. Wilson, and there may be some necessity for them during the next administration.

Mr. CONNALLY. I would say to the gentleman that this bill does not become effective until next July.

Mr. WOOD of Indiana. I understand that it does not, but the present administration will have had an undersecretary during all of the time of its existence. I think it is a little unfortunate that the gentleman makes this point of order.

Mr. ROGERS. Mr. Chairman, will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. ROGERS. My recollection is that for some years this office was carried and authorized under the name of the Counselor of the Department of State. Three or four years ago a change was made in an appropriation bill which provided that hereafter the counselor should be known as the Undersecretary of State. In other words, I think there is permanent legislation for this, although it is in an appropriation bill.

Mr. WOOD of Indiana. My understanding is that there is not any law authorizing this. For the purpose of saving time, let me suggest to the gentleman that if his opposition is merely to the name, an amendment will be offered, or can be offered, to restore the office of counselor, because the same position exists under a statute, although the name has been changed.

Mr. CONNALLY. I will say to the gentleman from Indiana that the statutory designation of this office is counselor. Two years ago, I believe, the Committee on Appropriations undertook to change the designation of the office from counselor to Undersecretary of State.

I made a futile effort to prevent that, and I direct the attention of the Chair to the discussion, which will be found, February 24, 1920, in which the then chairman of the committee ruled that it was out of order.

Mr. BYRNS of Tennessee. Mr. Chairman, I think the language is subject to a point of order or at least, as the gentleman from Texas stated, it did go out on a point of order when it came up originally in the House. The title of "Undersecretary of State" was placed in the former bill in the Senate and was subsequently agreed to in conference between the two Houses. The first year the point of order was made it went out and was not restored, but the second year the Senate did restore it and it was agreed upon in conference. Now the reason for it was this. The name of counselor conveys no idea of the duties of the position, because he is in no sense a legal adviser to the Secretary of State and performed none of the duties which you naturally expect a counselor to perform and the committee and Congress thought it was a wrong title, and that the position ought to bear a title which would give to the public and those who had to do with the State Department some idea of just what the duties of the office are. That was the reason for the insertion of that language and change of title. I think it is subject to the point of order, but I hope it will not be pressed. Gentlemen know that the Secretary of State is now and has been for several weeks in South America on official business. His duties are being performed by the Undersecretary and I can see no reason why the title should not be retained for it clearly expresses the duties devolving upon that official, who is Acting Secretary in the absence of the Secretary.

Mr. WOOD of Indiana. I will state to the Chair that I have nothing to say in defense of the point of order or in opposition.

The CHAIRMAN. The Chair is ready to rule. The Chair is not advised of any law which establishes or creates the office of Undersecretary of State at \$7,500 and sustains the point of order.

Mr. WOOD of Indiana. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. WOOD: Page 31, line 16, after the figures "\$12,000," insert "counselor for the department, to be appointed by the President by and with the advice and consent of the Senate, \$7,500."

Mr. CONNALLY. Mr. Chairman, I reserve a point of order on that. I will ask the gentleman from Indiana if there is a statutory authority for that?

Mr. WOOD of Indiana. I call the attention of the gentleman to the appropriations act of 1916, which reads as follows, the first portion:

For Secretary of State, \$12,000; Assistant Secretary, \$5,000; Second and Third Assistant Secretaries, at \$4,500 each; Director of Consular Service, \$4,500; counselor for the department, to be appointed by the President, by and with the advice and consent of the Senate, \$7,500.

Section 6 of this act provides as follows:

All officers and employees of the United States whose salaries are herein appropriated for are established and shall continue from year to year to the extent they shall be appropriated for by Congress.

That makes that statutory.

Mr. CONNALLY. I do not press the point of order. It seems that it does permanently establish the office of counselor.

The CHAIRMAN. The question is on the amendment.

Mr. CLARK of Missouri. Mr. Chairman, I move to strike out the word. Mr. Chairman, the history of the "Undersecretary of State" business is that about the time President Taft was going to be inducted into office he either asked individually or somebody asked for him that we create the office of Undersecretary, because these foreigners who came over here did not understand the counselor business and wanted to confer with somebody as near the Secretary of State as they could get. Well, I bullyragged that out of Congress simply by ringing the changes on "Undersecretary of State" being "so English, don't you know." That put an end to it. The House never tried it any more, but the Senate, being close to the throne, put it in by way of an amendment, and the House agreed to it. Of course, it was utter nonsense, the whole business; we might just as well go on with "counselor" as "Undersecretary of State." There is as much reason for putting that in the statute as our abolishing the rank of commodore in the Navy, a title that has been held for years and years by heroic fighting commodores, but in the foreign navies they did not have any commodores and they were all made rear admirals.

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken, and the amendment was agreed to.

Mr. WOOD of Indiana. Mr. Chairman, I offer another amendment.

The CHAIRMAN. The Clerk will report it.

The Clerk read as follows:

Amendment offered by Mr. WOOD of Indiana: Page 32, line 10, after the figures "\$2,500" insert "private secretary to the counselor of the department, \$2,000."

The question was taken, and the amendment was agreed to.

The Clerk read as follows:

For temporary employees in the Department of State, \$250,000: *Provided*, That no person shall be employed hereunder at a rate of compensation exceeding \$4,500 per annum and not more than eight persons shall be employed hereunder at a rate of compensation exceeding \$1,800 per annum.

Mr. NEWTON of Minnesota. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. NEWTON of Minnesota: Page 32, line 21, strike out "\$250,000" and insert in lieu thereof "\$350,000."

Mr. NEWTON of Minnesota. Mr. Chairman, I believe, if the gentleman from Indiana will bear with me, that there has been a reduction in the temporary force in the State Department here in Washington of \$152,000?

Mr. WOOD of Indiana. Yes, sir.

Mr. NEWTON of Minnesota. Mr. Chairman, I think I can agree with almost every Member of the House generally upon measures of economy, but we must face the situation growing out of the war. Our State Department has increased duties and increased responsibilities, for in the short space of six years our shipping tonnage has increased from something like 1,000,000 tons to almost 10,000,000 tons. That means a great deal of increased work upon the part of our Consular Service. We have also added passport control to the work of the State Department and the viséing of passports of those desiring to come into this country. From passport control and every control of visés during the present year the State Department will receive a revenue of something like \$7,000,000. The total appropriation for the foreign service for this year was something like \$10,-



000,000. To properly handle this the State Department here in Washington must have a force over and above what they had before. Yet it is being decreased.

Mr. SNELL. Will the gentleman yield?

Mr. NEWTON of Minnesota. I do.

Mr. SNELL. Inasmuch as we passed almost unanimously, though not quite, a bill prohibiting immigration here, would we need this force for viséing passports?

Mr. NEWTON of Minnesota. The gentleman forgets the bill has not yet become a law. Nobody knows what the body at the other end of the Capitol is going to do with the measure. And let me further inform the gentleman that the restrictive measure passed by the House does not prohibit all immigration. On the contrary, it permits certain blood relatives to come here, and anybody at all familiar with immigration coming here knows that a considerable number of immigrants are blood relatives of those who are already in the country. Even admitting that the bill becomes a law, there will still be need for the viséing of passports.

Mr. ROGERS. Will the gentleman yield?

Mr. NEWTON of Minnesota. I yield.

Mr. ROGERS. Can the gentleman tell the committee how many persons are being employed during the current fiscal year within the appropriation of \$402,000?

Mr. WOOD of Indiana. Three hundred and forty-eight.

Mr. ROGERS. How many would be employed if the recommendation of the Committee on Appropriations should be accepted by the Congress? My first question is, how many are employed this fiscal year for the \$402,000?

Mr. WOOD of Indiana. As a matter of calculation, it would be about five-eighths of 247.

Mr. ROGERS. Just the other way, is it not?

Mr. WOOD of Indiana. No.

Mr. ROGERS. I wanted to find out, first, how many men and women are being employed during the current fiscal year within the \$402,000, and, second, how much of that number would be reduced by the recommendation of the committee?

Mr. WOOD of Indiana. It would be reduced, in round numbers, about 140.

Mr. ROGERS. Can the gentleman tell us where 140 unnecessary clerks are now being employed? Would they as a practical matter be taken out of the number of clerks in the visé and passport control office?

Mr. WOOD of Indiana. Not of necessity. I think under the lump-sum appropriation that the State Department has the discretion to use that sum in providing services where services are needed. I expect it is true, as stated by the gentleman, that the work in the visé department, as the law now stands, has wonderfully increased. This thing I wish the committee to take into consideration, namely, that we have made wonderful increases in appropriations for this department. The appropriation in 1916, a year before we entered into the war, was \$385,500; the appropriation in 1922, as recommended by this bill, is \$905,140, or very nearly three times what it was in 1916.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. NEWTON of Minnesota. Mr. Chairman, I ask unanimous consent for five minutes more.

The CHAIRMAN. The gentleman from Minnesota asks unanimous consent for five minutes more. Is there objection? [After a pause.] The Chair hears none.

Mr. WOOD of Indiana. It is not the purpose to unduly cripple, or cripple at all, the State Department, and we think with a little practice of economy they can get through with the appropriation made.

Mr. ROGERS. I should like to ask the gentleman if in his survey of the general situation within the department he has been enabled to find 140 clerks whose services could reasonably be dispensed with; and if so, where?

Mr. WOOD of Indiana. I can not, of course, give the details of it now. We did think we found a place where we could dispense with practically 140 of them without materially hampering the business, and this is the result of our judgment. The fact of the business is the State Department is like these other departments. It grew abnormally during the war and has been very slow to reduce their number since the war and have tried to convince us, by reason of the new conditions that have come up in the course of making a new map of the world, that these clerks would be essential, and possibly there would be necessity for increase when they settled things over there. But, so far as the trade relations are concerned, the committee will remember that we had quite a controversy here last year as to how much of that they are attending to and how much they are not attending to and how much the department of

foreign commerce is attending to. There is a great duplication in that respect, which we are hoping to clear up some time or other, but it seems impossible to do it now.

Mr. NEWTON of Minnesota. I agree with the gentleman as to the duplication and the advisability of concentrating that work in the State Department, but the gentleman must admit that a great deal of the work connected with our foreign commerce, connected with the shipping, is peculiarly for the Consular Service, and one in which the representatives from the Department of Commerce have nothing whatever to do.

Mr. WOOD of Indiana. I think if the gentleman will take the figures I submit of the appropriation made in 1916, and then consider that we are now giving them three times what they had before the war, it will be hard to conceive that the State Department has increased three times by virtue of the war, or anything approaching it.

Mr. ROGERS. I do not know what the experience of the other Members of the House has been, but I know I have more difficulty in getting letters from that department than any other department, and when I complain, as I do complain, they allege they have not a sufficient force available in Washington to answer all the ordinary correspondence of the department.

Mr. NEWTON of Minnesota. If I may say this to the gentleman, it seems to me that with these two greatly increased duties of the Department of State certainly some attention should have been paid by the committee to their request, which I believe should have been for more than the appropriation for the present year.

Mr. WOOD of Indiana. They asked for \$1,500,000.

Mr. NEWTON of Minnesota. I do not think there is any sound economy in depriving of its necessary funds a revenue-producing branch of the Government which is closely connected with the furtherance of our foreign trade and commerce. I do not think we should handicap them by a denial of the necessary funds.

Mr. SMITH of Idaho. Mr. Chairman, I rise to ask the chairman of the committee whether or not this reduction of the lump-sum appropriation is in accord with the advice from the State Department, as disclosed in the hearings before the committee? Did the Secretary not ask for more clerks instead of intimating that they could get along with what they have?

Mr. WOOD of Indiana. They ask for about \$1,000,000 more than we gave them.

Mr. SMITH of Idaho. As I understand it, a large proportion of these temporary employees are in the visé division, where there are probably 150 clerks engaged in that work, which the gentleman from Minnesota [Mr. Newton] states brings in about \$7,000,000 per year, as a result of the work transacted in that particular branch of the service. I am told that most of the reduction will come from that division and some few from the index division.

Mr. WOOD of Indiana. It will not come from that division unless they see fit to make it come from there. It may be possible that they will do it there so as to reflect back to Congress as much as possible the idea of their inability to take care of that work.

Mr. SMITH of Idaho. I understand the employees in the other branches of the State Department are on the statutory roll.

Mr. WOOD of Indiana. They asked that all of them be placed on the statutory roll, but we did not place them there.

Mr. MANN of Illinois. Mr. Chairman, I move to amend the amendment offered by the gentleman from Minnesota [Mr. Newton] by striking out "\$350,000" and inserting in lieu thereof "\$200,000."

The CHAIRMAN. The gentleman from Illinois offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. MANN of Illinois to the amendment offered by Mr. Newton of Minnesota: Strike out "\$350,000" and insert in lieu thereof "\$200,000."

The CHAIRMAN. The question is on agreeing to the amendment of the gentleman from Illinois to the amendment of the gentleman from Minnesota.

The question was taken; and the Chairman announced that the yeas appeared to have it.

Mr. MANN of Illinois. Mr. Chairman, I ask for a division.

The CHAIRMAN. A division is asked for.

The committee divided; and there were—yeas 17, yeas 32.

So the amendment to the amendment was rejected.

The CHAIRMAN. The question now is on agreeing to the amendment offered by the gentleman from Minnesota [Mr. Newton].

The question was taken, and the amendment was rejected.



The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

No money appropriated by any other act shall be used during the fiscal year 1922 for employment and payment of personal service in the Department of State in the District of Columbia.

Mr. HICKS. Mr. Chairman, I offer an amendment, which the Clerk has.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from New York.

The Clerk read as follows:

Amendment offered by Mr. Hicks: Page 33, line 4, after the word "Columbia," insert:

"New York, N. Y., passport bureau: Passport agent, \$2,000; clerks—2 of class 4, 3 of class 3, 3 of class 2, 2 of class 1; messenger; messenger boy, \$480; stationery, furniture, fixtures, and other miscellaneous expenses, \$2,500; in all, \$20,820.

"San Francisco, Calif., passport bureau: For salaries and expenses of maintenance of the passport bureau, \$7,500."

Mr. WOOD of Indiana. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. Does the gentleman from New York desire to be heard on the point of order?

Mr. HICKS. Yes. Mr. Chairman, that proviso, of course, was in the current law. But in regard to the point of order, I presume that the gentleman from Indiana makes it because it was not authorized. Is that the ground for the point of order?

Mr. WOOD of Indiana. Yes. There is no authorization.

Mr. HICKS. I would like to call the attention of the Chair to this fact, that in the statute there is this provision about the issuing of passports:

The Secretary of State may grant and issue passports and cause passports to be granted, issued, and verified in foreign countries—

And so forth. On that broad authorization, by which the Secretary of State is authorized to issue passports, I claim that he could issue them in Washington, in New York, or in San Francisco; that in order to issue passports he must have clerical help and he must have an office; and as that broad authorization gives him the right to issue passports that right extends not only to the city of Washington, but it can be carried to the city of New York or the city of San Francisco, and therefore it is authorized by law.

The CHAIRMAN. Does the gentleman from Indiana desire to be heard?

Mr. WOOD of Indiana. Yes; on the same theory, because we have the right to have a Secretary of State; we could have a number of different Secretaries of State scattered all over the country, according to their own discretion. It is pretty far-fetched to say that because of the fact that the Secretary of State shall issue passports he can establish as many offices for the purpose of issuing passports as he may desire. Carry this thing to its logical conclusion, and the Secretary of State, without regard to what Congress does, could have a Secretary of State in every hamlet in the United States.

As to the matter of issuing passports, while it comes within the purview of the duties of the Secretary of State, the law granting him the privilege of issuing passports does not confer upon him authority to establish offices from which they may be issued.

This amendment is for an office for the issuance of passports in New York just as completely equipped as the office in the city of Washington is, and it is not authorized by law, and it is entirely a creation of the Department of State.

Mr. HICKS. Mr. Chairman, will the gentleman permit a question?

Mr. WOOD of Indiana. Yes.

Mr. HICKS. In Washington the Secretary of State may designate a space and must also have clerks to take care of this work. There is no authorization, then, according to the gentleman's contention, for that work being done in the city of Washington.

Mr. WOOD of Indiana. There would be just as much logic in saying that the activities of the Interior Department could be taken away from Washington and the Secretary take and establish his office, or an independent office, and make that his principal office and this his secondary office.

Mr. SMITH of Idaho. Mr. Chairman, may I ask the gentleman a question?

Mr. WOOD of Indiana. Yes.

Mr. SMITH of Idaho. In discussing the advisability of eliminating the passport offices in New York and San Francisco, did the gentleman take into consideration the convenience of the people who desire to secure passports on short notice? Under existing conditions a person on the Pacific coast may go to the passport office at San Francisco and make his application. The particulars can be telegraphed to the State Department and on receipt of a response a passport can be issued to him the same day, which would enable him to take the next steamer, whereas

if this office is eliminated it will be necessary to send the formal application to Washington, where it will take three or four days to pass upon it here and five or six days for the passport to be issued and five days for it to be transmitted to San Francisco, so that it will take nearly three weeks' time to obtain a passport.

Mr. WOOD of Indiana. That is aside from the point.

The CHAIRMAN. The Chair suggests to the gentleman that the time is running, and the Chair is ready to rule.

Mr. WOOD of Indiana. All right.

The CHAIRMAN. The Chair thinks it would be a violent presumption to hold that mere authority to issue passports would authorize the creation of a bureau, with employees and office expenses, and therefore the Chair sustains the point of order. The Clerk will read.

The Clerk read as follows:

Office of the Secretary: Secretary of the Treasury, \$12,000; Assistant to the Secretary, \$5,000; three Assistant Secretaries, at \$5,000 each; clerk to the Secretary, \$3,000; executive clerk, \$2,400; stenographer, \$1,800; 3 private secretaries, 1 to each Assistant Secretary, at \$1,800 each; Government actuary, under control of the Treasury, \$4,000; clerks—1 of class 4, 4 of class 3, 2 of class 2; chief messenger, \$1,100; 2 assistant chief messengers, at \$1,000 each; messengers—3 at \$900 each, 5 at \$840 each; in all, \$69,000.

Mr. WOOD of Indiana. Mr. Chairman, I desire to offer an amendment.

The CHAIRMAN. The gentleman from Indiana offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. Wood of Indiana: On page 34, line 3, strike out "\$69,000" and insert in lieu thereof "\$89,600."

Mr. WOOD of Indiana. The purpose of this amendment is to correct a footing.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana.

The amendment was agreed to.

The Clerk read as follows:

The following sums shall be deducted from the following appropriations in this act, respectively, and shall be credited to the appropriation for the "office of chief clerk and superintendent, Treasury Department," and be available for the employment of personnel in such office: "Expenses of loans," \$50,000; "salaries, Bureau of War Risk Insurance," \$30,000; "collecting the war revenue," and "enforcement of narcotic and national prohibition acts," \$50,000; in all, \$130,000: *Provided*, That no person shall be employed hereunder at a rate of compensation exceeding \$1,800 per annum.

Mr. MANN of Illinois. Mr. Chairman, I move to strike out the last word. I wish the gentleman from Indiana would explain this paragraph, which is to make appropriations in one place in the bill and then transfer them to some other place. This provides, apparently, for clerical help and other help in the office of the chief clerk, to be paid for out of appropriations made for something else.

Mr. WOOD of Indiana. The forces employed are now paid out of these various appropriations and transferred by reason of details; and the chief clerk thought that by transferring these accounts to him it would result in a saving of a great amount of unnecessary work, and also the saving of a great many people. It does not add to the appropriation.

Mr. MANN of Illinois. I understand, and I am not criticizing; but it seems odd. I suppose it seems odd to the gentleman himself to carry several items of appropriation in one place in the bill, and before you get to them provide that when you do get to them instead of appropriating for the purpose named you transfer that appropriation and use it for something else, in part.

Mr. WOOD of Indiana. That is the point. In this way we see what is being done, and in the other way we do not see it.

Mr. MANN of Illinois. It may be that the committee do not desire to do this permanently. One would suppose that the proper method of getting at it would be to make an appropriation under the office of the chief clerk, and eliminate to that extent the appropriations in these other places, though I am not undertaking to say that is the way it ought to be done. I do not know.

Mr. WOOD of Indiana. That might have been the more scientific way of doing it. As I stated, this is done at the suggestion of the chief clerk, who informs the committee—and we found it to be true—that the same amount of funds are being transferred now to pay details; and it saves bookkeeping and saves a great deal of unnecessary work, and he says it will result in the saving of several clerks. In consequence of that, we reduced the appropriation.

Mr. MANN of Illinois. I am not seeking to criticize. I understand very well that there is one thing that the Committee on Appropriations can never find out. That is when they make an appropriation they can never find out whether it is going to be used for the purpose for which it is made, or whether details



are going to be made out of that appropriation to do something else. Of course, you can find out after it is done, but you never can tell in advance.

Mr. GARD. I move to strike out the last two words. I will ask the chairman of the subcommittee, is it the purpose of this paragraph contained in lines 1 to 11, inclusive, on page 36, to create a new division in the office of the chief clerk and superintendent by reason of these jugglings and transfers of appropriations which are made?

Mr. WOOD of Indiana. No; it is not. The fact of the business is it makes it possible to reduce the force in that office, and as a result of that transfer the force is reduced.

Mr. GARD. It refers to different appropriations—one "Expenses of loans," one "Salaries, Bureau of War Risk Insurance," one "Collecting of war revenue," and one "Enforcement of narcotic and national prohibition acts." There are different appropriations for all these activities. I was wondering why the subtraction did not follow the individual appropriation.

Mr. WOOD of Indiana. It did, because of the fact that we took these amounts away from these other appropriations. The Chief Clerk of the Treasury Department has the supervision of a great many buildings connected with that department, and the sums appropriated to these various activities under the Treasury Department have to contribute their proportionate share for this maintenance. It is largely a matter of book-keeping, but by making these detailed statements Congress finds out the exact amounts that are taken from these several departments and referred to the chief clerk's office for these various activities, so as a matter of enlightenment we know more about it now than we have ever known before.

Mr. GARD. I was wondering whether we were creating inadvertently a new and expensive bureau in the Treasury Department.

Mr. WOOD of Indiana. No; we were convinced that this is not the nucleus of a new bureau. We are watching for those, and have tried to eliminate some of them, and have succeeded, and we did not intend at any rate to create another one, and we do not think we have done so.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

For salaries of employees, office equipment, fuel, light, electric current, telephone service, maintenance of motor trucks, and other necessary expenses for carrying into effect the Executive order of December 3, 1918, regulating the transfer of office material, supplies, and equipment in the District of Columbia falling into disuse because of the cessation of war activities, \$120,000: *Provided*, That no person shall be employed hereunder at a rate of compensation in excess of \$2,500 per annum, and not more than three persons shall be employed at a rate in excess of \$1,800 per annum each: *Provided further*, That the said Executive order shall continue in effect until June 30, 1922, without modification, except that proceeds from the transfer of appropriations thereunder shall be covered into the Treasury as miscellaneous receipts: *Provided further*, That the heads of the executive departments and independent establishments and the Commissioners of the District of Columbia shall cooperate with the Secretary of the Treasury in connection with the storage and delivery of material, supplies, and equipment transferred under the foregoing order: *Provided further*, That within 30 days after the approval of this act the Secretary of War is authorized and directed to transfer to the Secretary of the Treasury without payment therefor two light motor trucks for use of the General Supply Committee: *Provided further*, That typewriters and computing machines transferred to the General Supply Committee as surplus, where such machines have become unfit for further use, may, in the discretion of the Secretary of the Treasury, be issued to other Government departments and establishments at exchange prices quoted in the current general schedule of supplies or sold commercially, provided the price obtained is in excess of the exchange prices.

Mr. GARD. Mr. Chairman, having made the point of order against a similar provision, I make a point of order against the paragraph containing the proviso in lines 5 to 9, inclusive, on page 39, to and including the word "committee."

The CHAIRMAN. The Chair sustains the point of order.

Mr. SNYDER. Mr. Chairman, I make the point of order against that part of the paragraph beginning with the words "provided further," page 29, line 9, down to and including the word "prices," at the end of line 16.

The CHAIRMAN. The Chair understood the point of order of the gentleman from Ohio [Mr. GARD] to include that language.

Mr. GARD. No, Mr. Chairman; I made the point of order to the language ending with the word "committee," in line 9, page 39, the first proviso.

Mr. SNYDER. Mr. Chairman, I make the point of order on the ground that there is no authorization in law for it.

Mr. WOOD of Indiana. Mr. Chairman, will the gentleman withhold the point of order?

Mr. SNYDER. No; I make the point of order.

The CHAIRMAN. Does the gentleman from Indiana desire to discuss the point of order?

Mr. WOOD of Indiana. Mr. Chairman, I think that it is subject to the point of order, but I also think it is very unwise in

the gentleman or in any other Member to raise the point of order.

Mr. SNYDER. I shall withhold the point of order and reserve it, if the gentleman desires.

Mr. WOOD of Indiana. Mr. Chairman, there has been more graft and fraud committed against this Government in respect to typewriters than any other commodity. We have sought by the means injected into this bill to prevent a continuation of the same. We have millions and millions of dollars invested in typewriters that are of absolutely no consequence to the Government at all and will not be unless there is some provision of this kind carried in this bill. There were 2,000,000 typewriters purchased by the War Department during the war. How many were used we have never been able quite to find out. There are hundreds and hundreds and thousands of them yet that could be used by the different departments and thus save, if you please, the expenditure of moneys to the value of those typewriters, if gentlemen would not raise the technical objections of a point of order.

Mr. WINGO. Does not this reduce expenditures?

Mr. WOOD of Indiana. It does reduce expenditures, there is no question about that; but it does not show that it does on its face. It would save the Government of the United States thousands and hundreds of thousands of dollars this year if this clause were permitted to remain in the bill. Otherwise we will again be subjected to all of the machinations and everything else practiced in the purchase of typewriters.

Mr. MANN of Illinois. Mr. Chairman, will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. MANN of Illinois. Did the gentleman state that the War Department purchased 2,000,000 typewriters during the war?

Mr. WOOD of Indiana. That is exactly what they did.

Mr. MANN of Illinois. Was the man who did that a lunatic or a knave?

Mr. WOOD of Indiana. I do not know what classification you would put him under.

Mr. MANN of Illinois. He must be one of the two.

Mr. WOOD of Indiana. Yes. It is in keeping with the conduct of the man who purchased mosquito bar to put mosquito bars over everybody in France, who went over there to find out that they had no mosquitoes there, and with the man who bought \$20,000,000 worth of ambulance harness only to find out that they did not use any harness at all.

Mr. MANN of Illinois. There might be some excuse for that. A man might be misled, but nobody could be misled into the idea that every other soldier in the Army was to be employed to operate a typewriter. It must be that the typewriter manufacturers got in their work. Maybe there was a dollar a year man here who was interested in typewriters.

Mr. WOOD of Indiana. There is no doubt about that, and every conceivable kind of typewriter was purchased. Last year after we had tried our best to find out from the gentleman who ought to know with respect to these typewriters, but could not do it from the man who was supposed to have knowledge of such a thing, somebody went down and in half an hour found 5,000 typewriters in a garage in this town under the supervision of the War Department.

Mr. SNYDER. Mr. Chairman, in reserving the point of order on this item I have not done so at the request of any man connected with the typewriter business in my district, although we have perhaps the largest one in the world there. I make the point of order upon this upon the theory that there is no authorization for it in law, because it is putting the Government into a commercial business, something which I have always opposed, as everyone in this House knows, from the very beginning.

Mr. WOOD of Indiana. This is the kind of commercial business that we propose to put the Government in. We have asked the Bureau of Supplies, whose business it is to furnish supplies, to gather these typewriters together, and we have provided the manner in which they shall be distributed around among the various departments. We also have required the Secretary of the Treasury to make requisition upon the Secretary of War to get these typewriters, and he is getting them, and we are getting the benefit of them under the present arrangement. Otherwise we will not get that benefit.

Mr. SNYDER. Mr. Chairman, the statement has been made here that probably the typewriter manufacturers got in their work and influenced the War Department to buy these 2,000,000 typewriters. I do not think that is a fair statement, and being interested to some extent in some of the typewriter manufacturers, I feel sure that that statement can not be justified. If the War Department, as it did in the purchase of every other



commodity, should bring the manufacturers here to Washington and say to them, "Go home and bring all of the typewriters you can to us, and bring them as fast as you can," should the typewriter manufacturers now be penalized because of the fact that they carried out that request or order of the War Department and other departments in Washington?

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. SNYDER. Mr. Chairman, I make the point of order to the language upon the ground that there is no authorization for it in law.

The CHAIRMAN. The Chair sustains the point of order.

#### MESSAGE FROM THE SENATE.

The committee informally rose; and the Speaker having taken the chair, a message from the Senate, by Mr. Crockett, announced that the Senate had passed bills of the following titles, in which the concurrence of the House of Representatives was requested:

S. 4737. An act granting the consent of Congress to the Prescott Bridge Co. to construct a bridge across Lake St. Croix at or near the city of Prescott in the State of Wisconsin; and

S. 4603. An act extending the time for the commencement and completion of the bridge or bridges authorized by an act entitled, "An act to authorize the Gulf Ports Terminal Railway Co., a corporation existing under the laws of the State of Florida, to construct a bridge over and across the headwaters of Mobile Bay and such navigable channels as are between the east side of the bay and Blakely Island, in Baldwin and Mobile Counties, Ala.," approved October 5, 1917.

The message also announced that the Senate had passed the following concurrent resolution, in which the concurrence of the House of Representatives was requested:

Senate concurrent resolution 38.

*Resolved by the Senate (the House of Representatives concurring).* That the two Houses of Congress shall assemble in the Hall of the House of Representatives on Wednesday, the 9th day of February, 1921, at 1 o'clock in the afternoon, pursuant to the requirements of the Constitution and laws relating to the election of President and Vice President of the United States, and the President of the Senate shall be their presiding officer; that two tellers shall be previously appointed by the Vice President on the part of the Senate and two by the Speaker on the part of the House of Representatives, to whom shall be handed, as they are opened by the President of the Senate, all the certificates and papers purporting to be certificates of the electoral votes, which certificates and papers shall be opened, presented, and acted upon in the alphabetical order of the States, beginning with the letter A; and said tellers, having then read the same in the presence and hearing of the two Houses, shall make a list of the votes as they shall appear from the said certificates; and the votes having been ascertained and counted in manner and according to the rules by law provided, the result of same shall be delivered to the President of the Senate, who shall thereupon announce the state of the vote, which announcement shall be deemed a sufficient declaration of the persons, if any, elected President and Vice President of the United States, and, together with a list of the votes, be entered on the Journals of the two Houses.

The message also announced that the Senate had passed S. J. Res. 244, providing for the payment of expenses of conveying votes of electors for President and Vice President, in which the concurrence of the House of Representatives was requested.

The message also announced that the Vice President had appointed Mr. WALSH of Montana and Mr. FRANCE members of the joint select committee on the part of the Senate as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments," for the disposition of useless papers in the War Department.

#### LEGISLATIVE, EXECUTIVE, AND JUDICIAL APPROPRIATION BILL.

The committee resumed its session.

The Clerk read as follows:

Repairs to typewriting machines (except bookkeeping and billing machines) in the Government service in the District of Columbia may be made at cost by the General Supply Committee, payment therefor to be effected by transfer and counterwarrant, charging the proper appropriation and crediting the appropriation "General Supply Committee, transfer of office material, supplies, and equipment."

Mr. SNYDER. Mr. Chairman, I make the point of order to the paragraph just read upon the same grounds.

The CHAIRMAN. The Chair sustains the point of order, and the Clerk will read.

The Clerk read as follows:

Division of Appointments (including section of surety bonds): Chief of division, \$3,000; assistant chief of division, \$2,250; executive clerk, \$2,000; clerks—3 of class 4, 4 of class 3 (including one transferred from section of surety bonds), 6 of class 2 (including one transferred from section of surety bonds), 4 of class 1, 2 at \$1,000 each, 1 \$900; messenger; assistant messenger; in all, \$36,710.

Mr. SABATH. Mr. Chairman, I am not in favor of creating new positions. On the contrary I am in favor of eliminating all useless employees, but the committee intends to eliminate a division, though small, which, however, has been performing

a very important work in safeguarding not only the Government but all of the people in the United States who, due to conditions, accept bonds from surety companies. Personally I should be in favor of the committee's action, but in the interest of the Government and the people who accept these bonds I feel it my duty to insist that this division should not be eliminated.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SABATH. I ask for five minutes additional.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. SABATH. Now, in 1916 the Secretary of the Treasury, Mr. McAdoo, made the following recommendation:

Under the act of Congress of March 23, 1910 (36 Stat., p. 241), amending an act of August 13, 1894 (28 Stat., pp. 279-280), the jurisdiction of the Attorney General over surety companies was transferred to the Secretary of the Treasury. On July 16, 1914 (33 Stat., p. 468), the section of surety bonds, which had previously been a part of the Division of Appointments, was created as a separate and distinct part of the work of the Secretary's office. This section as now organized is rendering valuable service to the various departments and has been directly responsible for saving large sums of money to the Government in connection with its bonding business. The act of March 23, 1910, should be amended so as to extend the supervision of the Secretary of the Treasury over surety companies doing business with the Government and thereby secure a larger measure of protection for the Government with respect to its bonds than is now possible under existing law.

Now, instead of enlarging this bureau or this division the committee has completely crippled it, yes, eliminated it, as they just leave two employees in charge, two clerks, neither of whom has the ability nor the experience to pass upon the financial statements of the surety companies, as the law and the regulations of the department demand. Oh, I realize it is not desired by some of the surety companies to make these quarterly reports, but it is in the interest of the Government and the people that these companies should make these reports and that there should be some one in charge who understands the business and who can keep the Government and the different bureaus as well as the country informed as to the standing, as to the assets as well as the liabilities, of these various surety companies. Now, I am familiar with the conditions, and I know that this little section, which costs the Government only \$9,370 annually, has rendered valuable service to every department of the Government, and is rendering valuable service to thousands upon thousands of our people who are obliged to secure bonds from the surety companies. It is for that reason that I offer this amendment believing that the elimination of this section is unwarranted, unjustifiable, and would mean a great loss to the Government and to the American people.

Mr. BLANTON. I make the point of order that it is legislative and unauthorized.

The CHAIRMAN. The Chair would ask the gentleman from Illinois if there is any law authorizing this bureau?

Mr. WOOD of Indiana. Mr. Chairman, I wish to add in support of the point of order that under this heading the appropriation provides for "chief of section, \$2,000; clerks—two of class 1, one of \$1,000; assistant messenger; in all, \$6,120." The amendment proposed provides for an appropriation of \$43,000 and the creation of a lot of new places. It is clearly subject to the point of order.

The CHAIRMAN. The Chair sustains the point of order.

Mr. SABATH. Mr. Chairman, I would like to be heard on that. These appropriations have been made for the last 10 years.

The CHAIRMAN. Will the gentleman state the provision authorizing this?

Mr. SABATH. The act of March 23, 1910, amending the act of August 13, 1894, authorized the creation of this bureau—or, rather, this division—and ever since that time the appropriations have been made.

Mr. WOOD of Indiana. How much?

Mr. SABATH. Up to \$9,370. My amendment is only for \$6,370, the same amount that was appropriated last year. I am not asking for any larger appropriation. As to the amount that the gentleman states, that includes his appropriation in that entire paragraph, \$36,710, and I add thereto the additional amount of \$6,370, making a total of \$43,080.

The CHAIRMAN. The Chair will ask the gentleman if that act to which he refers creates any of these officers and specifically provides for their salary?

Mr. SABATH. I do not think the act provides for their salaries, but it is not new legislation.

The CHAIRMAN. The Chair does not think there is any specific legislation which authorizes these positions and the salaries provided for in the gentleman's amendment, and therefore sustains the point of order.

Mr. SABATH. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to embody therein some records.



The CHAIRMAN. The gentleman from Illinois asks unanimous consent to revise and extend his remarks. Is there objection? [After a pause.] The Chair hears none.

Mr. SABATH. In revising my statements and extending my remarks, after carefully reviewing the statements of the chairman of the subcommittee, simple justice to the Treasury Department as well as my interest in the whole Government and in the general insuring public constrains me to submit evidence to show that the statement of the chairman of the subcommittee—that the several auditors of the Treasury Department pass upon the validity of bonds given either by public officials for the performance of their official duties and the disbursement of public moneys or by contractors for the purpose of guaranteeing the performance of their contracts with the Government—is not founded on fact.

The Treasury Department as now constituted and organized has six auditors having jurisdiction conferred upon them under the provisions of an act of Congress approved July 31, 1894 (28 Stat., p. 205), with respect to the character and kind of accounts to be settled by them. Section 3 of the act in question provides as follows:

SEC. 3. The Auditors of the Treasury shall hereafter be designated as follows: The first auditor as Auditor for the Treasury Department; the second auditor as Auditor for the War Department; the third auditor as Auditor for the Interior Department; the fourth auditor as Auditor for the Navy Department; the fifth auditor as Auditor for the State and Other Departments; the sixth auditor as Auditor for the Post Office Department.

See also section 7 of the same act for further details as to the jurisdiction conferred upon these several auditors.

I find upon investigation that all public official bonds given either with individual or corporate sureties originating with all departments, independent bureaus, or establishments of the Government everywhere, with the exception of the bonds given by postmasters of the first, second, third, and fourth classes and the bonds of postal employees, are referred by the respective departments accepting and approving the bonds of these public officials to the section of surety bonds of the Treasury Department for permanent file in accordance with existing law. See section 5, act of Congress approved March 2, 1895 (28 Stat., p. 807).

Upon the receipt of these bonds from the other departments of the Government by the section of surety bonds, if given with corporate sureties, an examination is made to ascertain whether the agent or agents signing the bonds on behalf of the bonding companies have evidence on file with the Treasury Department giving such agents authority to bind their respective bonding companies.

If upon investigation it is found that these agents have such authority, the bonds are thereupon referred by indorsement to the Solicitor of the Treasury Department, who in turn examines them as to their legal sufficiency, and if found to be legally sufficient are returned to the section of surety bonds for permanent file in jackets and specially prepared metal filing cases, where the bonds are protected against spoliation and possible loss or destruction, easily accessible to any department of the Government either for the purpose of reference or for the purpose of suit.

Each public official disbursing public moneys is required to execute, in triplicate form, cards known as signature cards, upon which appear the autographic signature of such official, and when the bond shall have been passed upon and approved by the Solicitor of the Treasury as to legal sufficiency these signature cards are completed, showing the date of the execution of the bond, the date of its approval, the date of the oath of office of the official himself, and, in addition, the name of the bonding company.

One of these cards is forwarded to the proper auditor, another to the Division of Bookkeeping and Warrants of the Secretary's office of the Treasury Department, and the third card filed with the Division of Accounts of the Treasurer's Office of the Treasury Department.

The auditor, upon the receipt of this card notice with the autographic signature of the public official appearing thereon, and with the other data furnished him by the section of surety bonds, accepts such card notice as final and conclusive evidence that the official is properly bonded and that requisitions for public funds referred to the auditor in the first instance may be honored, giving the auditor at the same time the opportunity of comparing the autographic signature on the requisition with the autographic signature on the card notice.

From this statement it must appear that the auditors neither approve, disapprove, accept, nor reject bonds given by public officials for the performance of their official duties, covering the disbursement of public moneys, the action of the Solicitor of the Treasury on the one hand as to the legal sufficiency of the bonds

and the action of the section of surety bonds on the other hand as to the solvency of the bonding companies and the authority of its signing agents being accepted by the auditors as conclusive evidence as to the proper execution and validity of such bonds.

Directing attention now to bonds given by contractors guaranteeing the performance of public contracts, a similar procedure, though somewhat modified as to details, is followed in the acceptance of such bonds. To illustrate: If a contract is awarded by the Navy Department for the construction of a battleship, that department is charged with the duty of taking adequate and proper security to protect the Government against loss under the contract.

If the security offered is the bond of a surety company, the Navy Department at once examines the rating sheets published quarterly by the Treasury Department and ascertains whether the particular bonding company is an authorized company for the purpose of writing Government bonds. If it is and the bond is executed properly, the contract and bond are thereupon referred to the section of surety bonds en route to the office of the Auditor for the Navy Department for the purpose of enabling the section of surety bonds to determine whether the agent or agents signing the bond on behalf of the bonding company are authorized so to do. If evidence of such authority is found on file with the Government, the bond is thereupon stamped with the approval of the Treasury Department and forwarded to the office of the Auditor for the Navy Department, together with the contract and other related papers, for permanent file.

The Auditor for the Navy Department accepts the action of the section of surety bonds as final and conclusive evidence that the bond itself has been properly executed and that the surety is financially able to keep and perform its contracts of suretyship. It will thus be seen that the auditor has nothing to do with the acceptance or approval of the bond itself in this kind of a case and relies absolutely upon the action of the section of surety bonds of the Treasury Department.

If it should be found that the agent or agents signing a particular bond have no authority on file with the Government, action is thereupon taken by the section of surety bonds requiring the home office officials of the bonding company to ratify and confirm the act or acts of its agent or agents. This ratification in completed form becomes a part of the permanent record in the case and estops the bonding company from denying its liability under the bond because, perchance, the agent or agents did not possess the proper authority for signing the bond in the first instance. This action taken by the section of surety bonds, it may be readily seen, affords the Government complete protection and is a proper prerequisite before the final acceptance and approval of such bond.

The chairman of the subcommittee is in error in stating that the section of surety bonds receives, permanently files, or forwards bonds originating only with the War and Navy Departments.

I find upon investigation that the bonds given by public officials covering disbursement of public moneys originating with the other departments of the Government, with the exceptions noted, as the Post Office bonds, are forwarded by the respective departments to the section of surety bonds for action and for permanent file therein, as hereinbefore explained.

The same procedure is followed with respect to all contract bonds originating with the several departments of the Government, including the District of Columbia, with the single exception of the Post Office Department.

I find further upon investigation that the section of surety bonds is the only agency of the Government which has undertaken to tabulate and to annually compile statistics in connection with the bonding work performed by it.

Each bond, upon its receipt by the section of surety bonds, is recorded by having a card punched recording its date of execution, the penalty of the bond, the rate of premium charged per thousand of penalty, and the total amount of premium charged for the execution of the particular instrument. I find that these statistics have been annually tabulated since January 1, 1912, and are available for the use of the Government or Congress, should it become necessary to survey, as in my judgment it should, the entire bonding work of the Government. I find further that it has involved no additional expense to the Government to keep and preserve this statistical data.

I think I have furnished sufficient evidence to show that the statement of the chairman of the subcommittee to the effect that various kinds of bonds "are still passed upon and are under the supervision of the various auditors in the various departments" is not in accordance with the facts in the case.

I think I have also shown that the work of the section of surety bonds, briefly outlined above, is not duplicated by other



agencies of the Government, and it can not be denied that the precautions which are being exercised by the section of surety bonds at a minimum expense to the Government are both wise and proper. If this supervision by the section of surety bonds is destroyed, it will necessarily result in setting up, at greatly increased cost to the Government, individual organizations in the various departments to do the very identical work which the section of surety bonds is now performing at a very small cost to the American people.

The trend of modern organization is in the direction of reasonable centralization of coordinated effort, and I can see no argument which can be advanced or suggested in favor of any

plan or method to replace the present system, if it is the desire and purpose of the Congress to conduct the business of the Government in an efficient and economical manner with respect to its bonding work.

I find upon reading the hearings that the chairman of the subcommittee is mistaken in saying that tables and exhibits were filed as a part of those hearings, and, believing that it is the desire of the chairman of the subcommittee to pass upon this important matter in a fair and impartial manner, I desire to introduce these tables, showing the number of bonds which have been handled by the section of surety bonds for the several departments of the Government during the year 1919.

## EXHIBIT I.

Statement showing number of bonds received by the section of surety bonds during the calendar year 1919, recorded, and either filed therein or forwarded to the several auditors of the departments.

Companies.	Fidelity.			Surety.			Total.		
	Bonds.	Penalties.	Premiums.	Bonds.	Penalties.	Premiums.	Bonds.	Penalties.	Premiums.
Aetna Casualty & Surety Co.	56	\$702,920	\$895.40	2,706	\$10,126,080	\$129,448.96	2,762	\$10,829,008	\$130,344.36
American Bonding & Casualty Co.	72	161,200	163.35	57	290,725	5,474.63	129	451,925	5,638.04
American Indemnity Co.	18	179,478	816.57	91	966,088	23,571.31	109	1,145,566	24,387.88
American Surety Co.	949	8,011,085	12,906.14	8,085	198,404,802	19,062.01	9,034	206,415,887	201,968.15
Chicago Bonding & Insurance Co.	33	340,250	349.00	2,803	4,408,292	25,224.28	2,836	4,748,542	25,573.28
Delaware Surety Co.				43	2,413,153	811.28	43	2,413,153	811.28
Fidelity & Casualty Co. of New York	117	1,423,560	1,696.07	2,419	10,660,998	61,006.82	2,536	12,084,558	62,702.89
Fidelity & Deposit Co. of Maryland	322	4,080,114	4,286.88	3,664	26,636,217	264,716.08	3,986	30,716,331	269,002.96
Globe Indemnity Co.	14	172,154	1,013.05	912	15,665,585	65,219.65	926	15,837,739	66,232.70
Hartford Accident & Indemnity Co.	14	375,500	382.90	1,079	38,560,243	77,252.45	1,093	38,935,743	77,635.35
International Fidelity Insurance Co.	1	3,300	10.00	377	2,737,639	22,872.29	378	2,740,939	22,882.29
Iowa Bonding & Casualty Co.				44	237,657	762.47	44	237,657	762.47
London & Lancashire Indemnity Co.	9	240,000	580.00	537	4,088,116	26,894.44	546	4,328,116	27,474.44
Maryland Casualty Co.	725	6,887,500	8,677.70	1,192	8,010,426	56,534.17	1,917	14,897,926	65,211.87
Massachusetts Bonding & Insurance Co.	64	948,250	2,324.60	1,415	6,390,790	48,403.45	1,479	7,339,040	50,728.05
National Surety Co.	686	7,915,080	10,101.30	4,958	32,110,567	179,881.41	5,644	40,025,647	189,982.71
New Amsterdam Casualty Co.	103	1,145,250	1,525.75	1,002	16,780,517	56,907.81	1,105	17,925,767	58,433.56
Pennsylvania Surety Co.	4	20,000	25.00	34	167,200	404.50	38	187,200	429.50
Republic Casualty Co.				218	945,150	10,593.95	218	945,150	10,593.95
Southern Surety Co.	35	706,500	1,006.85	780	2,535,367	24,397.74	795	3,241,867	25,404.59
U. S. Fidelity & Guaranty Co.	766	9,713,555	15,696.82	11,934	125,489,024	278,210.20	12,700	135,202,579	293,907.02
U. S. Guarantee Co.	6	20,492	68.60	2,840	12,652,317	67,222.02	2,846	12,672,809	67,290.62
Royal Indemnity Co.	12	186,250	376.00	1,656	5,437,112	33,390.04	1,668	5,623,362	33,766.04
Preferred Accident				1	61,650		1	61,650	
Liberty bonds				7	58,300		7	58,300	
Total corporate sureties	4,003	43,232,438	62,901.98	48,834	525,834,023	1,648,262.02	52,840	569,065,461	1,711,164.00
Total individual sureties	6	31,736	60.00	10,185	18,175,523	11,124.70	10,191	18,207,259	11,184.70
Total number of bonds	4,012	43,264,174	62,961.98	59,019	544,009,543	1,659,386.72	63,031	587,272,720	1,722,348.70

Statement showing number of bonds accepted by the several departments, with corporate sureties, received by the section of surety bonds during the calendar year 1919, recorded, filed therein, or forwarded to the several auditors of the departments.

Departments.	Fidelity.			Surety.			Total.		
	Bonds.	Penalties.	Premiums.	Bonds.	Penalties.	Premiums.	Bonds.	Penalties.	Premiums.
State Department	457	\$2,083,000	\$2,744.00	33	\$88,935	\$1,739.26	490	\$2,171,935	\$4,483.26
District of Columbia				204	894,117	14,795.79	204	894,117	14,795.79
War	736	5,685,000	6,762.89	3,979	48,488,393	595,937.91	4,715	54,173,393	602,700.71
Treasury	636	4,618,126	5,411.59	1,972	6,608,231	55,447.95	2,608	13,226,357	60,859.51
Internal Revenue	236	6,806,000	6,680.83	36,003	417,943,683	348,944.88	36,239	424,749,683	355,625.71
Department of Justice				8	73,759	168.70	72	1,411,759	2,765.20
Navy	1,119	11,097,593	12,517.51	6,281	41,646,353	565,850.17	7,400	52,743,946	578,367.68
Interior	23	8,212,885	20,577.23	290	1,347,996	9,809.01	773	9,590,881	30,386.24
Agriculture	83	175,000	175.00	8	151,853	4,125.25	33	326,853	4,300.25
Commerce	107	529,000	531.00	49	163,939	2,826.67	156	692,939	3,357.67
Labor	8	90,200	91.00	6	16,400	481.64	14	106,600	572.64
United States Shipping Board	88	1,297,634	3,519.25	127	5,561,709	43,887.78	215	6,859,343	47,407.03
Government Printing Office	61			43	571,461	2,726.36	43	571,461	2,726.36
Independent bureaus	47	1,300,000	1,295.25	31	218,224	1,599.65	78	1,518,224	2,894.90
Grand total	4,006	43,232,438	62,901.93	49,034	525,825,023	1,648,311.02	53,040	569,057,461	1,711,212.95

Statement showing number of bonds accepted by the several departments, with individual sureties, received by the section of surety bonds during the calendar year 1919, recorded, filed therein, or forwarded to the several auditors of the departments.

Departments.	Fidelity.			Surety.			Total.		
	Bonds.	Penalties.	Premiums.	Bonds.	Penalties.	Premiums.	Bonds.	Penalties.	Premiums.
State Department	1	\$5,000					1	\$5,000	
War				390	\$4,266,158	\$1,200.50	390	\$4,266,158	\$1,200.50
Treasury				8,786	3,193,564	8,185.20	8,786	3,193,564	8,185.20
Internal Revenue	2	10,000		526	6,976,788	1,278.00	528	6,986,788	1,278.00
Justice				7	6,450		7	6,450	
Navy	2	13,736	\$60.00	466	3,709,813	460.50	468	3,723,549	520.50
Government Printing Office				1	5,650		1	5,650	
District of Columbia				6	4,500	.50	6	4,500	.50
Commerce				1	600		1	600	
Independent bureaus	1	3,000		2	12,000		3	15,000	
Grand total	6	31,736	60.00	10,185	18,175,523	11,124.70	10,191	18,207,259	11,184.70



Directing attention to the statement of the chairman of the subcommittee that it is the purpose of the Congress to continue the work involved in examining the quarterly and annual financial statements of bonding companies doing business with the Government and rating these companies for the benefit of all bond-approving officers of the Government and the general insuring public as to the relative solvency and financial condition of such companies, I am at a loss to understand how he expects this work to be done unless adequate facilities are provided therefor.

The chairman of the subcommittee calls attention to the fact that bonding companies are subject to the supervision of the insurance departments of the various States. This is true, but because of such supervision at stated and remote intervals, that is no reason why the Government should be at the mercy of conditions which it can not control, and be deprived of the opportunity of determining for itself, within reasonable bounds, at least, the fact whether a bonding company writing Government bonds is a solvent institution and is able to keep and perform its contracts of suretyship with the Government.

In fact, this duty is plainly imposed by existing law upon the Secretary of the Treasury, and it is likewise his duty to revoke the authority of any bonding company whenever in his judgment such company does not afford or offer to the Government adequate security and protection.

If it is the purpose of the chairman of the subcommittee to destroy this work of examination by the Treasury Department, and I do not believe that that is his purpose, it can only result in a chaotic condition, each department of the Government attempting in its own way to pass upon the solvency of bonding companies under rules and regulations promulgated by that department. In my judgment, this decentralization of supervision would be unwise, and certainly would be uneconomical.

I must take issue with the chairman of the subcommittee in his statement that every other department has the same jurisdiction, as well as all of the offices of the various departments, in passing upon the solvency and financial condition of bonding companies doing business with the Government. The act of March 23, 1910 (36 Stat., p. 241), confers this jurisdiction exclusively and absolutely upon the Secretary of the Treasury, and it can not be concurrently exercised under existing law by any other department, independent bureau, or establishment of the Government. The action, however, of the chairman of the subcommittee in cutting off the appropriation for the exercise of this authority by the Secretary of the Treasury may result in a divided responsibility, though that could be accomplished only by an amendment of existing law. I am reluctant to believe that Congress would sanction such a change, either in the interest of efficiency or economy.

The chairman of the subcommittee, in his remarks, refers to the practice of the Post Office Department, and from his statements it might be inferred that the Post Office Department is now engaged in passing upon the solvency and the financial condition of bonding companies doing business with the Government. This is not in accordance with the facts. The Post Office Department, as well as every other department of the Government, relies, absolutely and implicitly, upon the action of the Treasury Department in certifying to the continuing solvency of bonding companies doing business with the Government, which certification is in the form of rating sheets issued four times a year by the section of surety bonds.

This rating sheet exhibits at a glance the relative standing of bonding companies as to their capitalization and their assets as determined by a critical and technical audit of the sworn financial statements of such companies, furnished to the Treasury Department quarterly in accordance with existing law.

I am satisfied that the chairman of the subcommittee has misconceived the extent, the character, and the value of the work performed by the section of surety bonds in the examination and the audit of the financial statements of bonding companies to determine their solvency.

Another most important matter which has probably escaped the attention of the chairman of the subcommittee is the rigid and systematic enforcement of the 10 per cent limitation, now a mere matter of regulation, so far as the Government is concerned, but in most of the States a matter of law.

No bonding company, under the regulations of the Treasury Department, is permitted to expose itself on a single risk or hazard in excess of 10 per cent of its capital and surplus, as fixed and determined by the section of surety bonds of the Treasury Department, unless such assumption of excess liability is adequately protected either by reinsurance with other companies authorized to do business with the Government or in some other manner acceptable to the Treasury Department as provided by its regulations.

No State or Federal agency attempts to enforce as does the Treasury Department the 10 per cent limitation, and I believe that I may safely say that this work, performed exclusively by the section of surety bonds of the Treasury Department, is not only appreciated by every insurance department of every State in the United States, but unquestionably has protected the Government itself and the general insuring public against the temptation on the part of bonding companies to assume on single bonds indefinite and uncertain liability, regardless of their net resources, capitalization, and surplus. (See Exhibit II.)

#### EXHIBIT II.

[Regulations applicable to surety companies doing business with the United States under the act of Congress approved Aug. 13, 1894, as amended by the act of Congress of Mar. 23, 1910.]

[1910. Department Circular No. 54. Section of surety bonds.]

THE TREASURY DEPARTMENT,  
OFFICE OF THE SECRETARY,  
Washington, September 21, 1910.

1. The following regulations will govern the issuance of certificates of authority to bonding companies to do business with the United States as sureties on recognizances, stipulations, bonds, and undertakings, under the provisions of the act of Congress of August 13, 1894, as amended by the act of Congress of March 23, 1910, and the acceptance of such obligations from such companies so long as they continue to hold such certificates of authority from the Secretary of the Treasury.

2. Every company applying for certification will be required to submit to the Secretary of the Treasury an application in writing, signed by its president, and accompanied by the following papers:

(a) A certified copy of its charter or articles of incorporation, together with a certificate of the insurance commissioner, or other proper officer of the State under whose laws the company was organized, that it is fully and legally organized under the laws of such State and is authorized to transact, and is transacting therein, the business described in its charter or articles of incorporation, and the period during which it has been exclusively engaged in the transaction of fidelity, surety, or casualty business.

(b) A copy of the State laws, certified by the proper officer of the State, under which the company was incorporated and received authority to transact business.

(c) A copy of its constitution and by-laws, and evidence of the election of its officers and directors.

(d) A list, signed and sworn to by its president, secretary, and treasurer, of the names and post-office addresses of its stockholders; the number of shares bought by each, and the method of purchase (whether for cash or otherwise); when and how payment was made in each instance; the amount paid in by each stockholder on account of capital and the amount, if any, paid in as surplus.

(e) A full statement, signed and sworn to by its president, secretary, and treasurer, in such form as the Secretary of the Treasury may prescribe, showing its assets and liabilities and such other information respecting its business as may be required.

3. If, from the evidence submitted in the manner and form herein required, the Secretary of the Treasury shall find that such company has authority under its charter to do the business provided for by the acts above referred to, and if the Secretary of the Treasury shall be satisfied from such company's financial statement and from any further evidence or information he may deem it proper to require, and from such examination of the company, at its own expense, as he may cause to be made, that such company has a capital fully paid up in cash of not less than \$250,000, is fully solvent and financially and otherwise qualified to do the business contemplated by law, and is able to keep and perform its contracts, he will, subject to the further conditions herein contained, issue a certificate of authority to such company, under the seal of the Treasury Department, to transact business for a term expiring on the 1st day of May next following. Such certificate of authority shall, so long as the company remains fully qualified under the law and the regulations of the Treasury Department, be renewable annually.

4. No such company will be granted authority to do business under the provisions of the acts above referred to unless it has a capital stock paid up in cash of not less than \$250,000, and unless it shall have and maintain on deposit with the insurance commissioner, or other proper financial officer of the State in which it is incorporated, or in one of the other States of the United States, for the protection of all its policyholders in the United States, not less than \$100,000 in the stocks or bonds of the United States, the District of Columbia, or one of the States of the United States, or the legally authorized bonds of a county, or incorporated city, village, or township within the United States, which shall be income paying and shall be valued not above their current market value, or in bonds and mortgages on improved unincumbered real property within the United States as security for loans thereon not exceeding 60 per cent of the value of such property, and unless such company is engaged in the business of fidelity insurance and suretyship with or without also making contracts of insurance in one or more of the classes generally known as casualty risks, and is so engaged exclusively, and unless such company intends to engage actively in the execution of bonds running to the United States.

5. The cash capital and other surplus moneys and funds of any such company may be invested in or loaned upon the pledge of any securities of the kind in which its deposit is hereby required to be made, or in the stocks, bonds, or other evidence of indebtedness of any solvent institution incorporated under the laws of the United States or any State thereof, except its own stock, or in such real estate as it is authorized to hold by its charter or by the laws of the State under which it is incorporated. No part of the capital of any such company shall be or remain invested in or loaned upon any security or real estate subject to any prior lien.

6. In computing the financial condition of any such company its assets will be valued not above their current market value, and except as to cash in bank or on hand, and as to uncollected premiums charged on policies or obligations written within the last three months, no assets shall be credited to a company unless invested as above provided. Bills and accounts receivable, loans on personal security indorsed or not, loans to company's officers or directors, advances on contracts, furniture, fixtures, and supplies, and, generally, all assets not of a liquid character readily convertible into cash for the payment of losses, will



be deducted as "Assets not admitted." In case of any doubt on the part of the Secretary of the Treasury as to the value of any asset, the same will be valued in his discretion according to the best information obtainable.

7. There will be charged as liabilities in addition to the capital stock of any such company the amount of all its accrued debts and outstanding losses and claims (less amounts due from solvent reinsurers authorized under the regulations of this department) and an unearned premium reserve computed upon its current gross premiums on unexpired obligations (less authorized reinsurance) at not less than 50 per cent of the premiums charged for one year or less, and pro rata upon premiums charged for more than one year from date of obligation or renewal.

8. Every company now authorized to do business under the acts of Congress above referred to shall be subject to all of the foregoing provisions of this order from and after December 31, 1910.

9. No company having authority, under the acts of Congress above referred to, to do business with the United States shall be accepted as sole surety on any recognition, stipulation, bond, or undertaking under this department which shall execute any recognition, stipulation, bond, or undertaking on behalf of any individual, firm, association, or corporation, whether or not the United States is interested as a party thereto, the penal sum of which is greater than 10 per cent of the paid-up capital and surplus of such company, except on transportation or warehousing bonds, on which the limit of any such company on any one of such bonds shall be 50 per cent of its paid-up capital and surplus.

10. Two or more companies may be accepted as sureties on any recognition, stipulation, bond, or undertaking under this department the penal sum of which does not exceed the limit herein prescribed of their aggregate paid-up capital and surplus. In such cases each company shall limit its liability, in terms, upon the face of the bond, to a definite specified amount, such amount to be in all cases, however, within the limitations herein prescribed. In cases where the law especially requires it every such recognition, stipulation, bond, or undertaking shall be executed by the principal and sureties jointly and severally.

11. No portion of any recognition, stipulation, bond, or undertaking shall be included in determining the limitations herein prescribed which shall have been reinsured, at the time of execution and delivery of the original obligation, or within 20 days thereafter, in a company authorized to do business under the acts above referred to, within the limitations herein prescribed, or in such companies organized under the laws of the United States, or of any State, having a capital stock paid up in cash of not less than \$250,000, or in such corporations of other countries as are licensed in any State of the United States to do a fidelity and surety business, and have a deposit capital or other assets in this country of not less than \$250,000 available to holders in the United States of fidelity and surety policies: *Provided*, That all such companies, domestic or foreign, shall submit themselves to all the regulations of the Treasury Department applicable to certified companies, including such examination, at the companies' expense, as the Secretary of the Treasury may deem it necessary and proper to make. The limit of reinsurance which may be accepted from any such company on any one bond shall be determined and fixed by the Secretary of the Treasury, but shall not exceed in any case 10 per cent of the capital stock and net surplus of domestic companies or 10 per cent of the deposit capital or other assets in the United States available to the holders in the United States of fidelity and surety policies of alien corporations. The Secretary of the Treasury reserves the right to refuse at any time to further approve or accept reinsurance from any of such companies if in his judgment such company does not afford the United States or the policyholders of such companies in the United States the protection contemplated by this regulation.

12. No portion of any recognition, stipulation, bond, or undertaking shall be included in determining the limitations herein prescribed upon which such company shall have been secured at the time of execution and delivery of the original obligation by the deposit in pledge, or by conveyance in trust, for its protection, of property equal in value to such excess.

13. No portion of any recognition, stipulation, bond, or undertaking executed on behalf or on account of a fiduciary holding property in a trust capacity shall be included in determining the limitations herein prescribed, upon which such company shall have been secured by deposit or other disposition, of a suitable and sufficient portion of the estate so held that no further sale, mortgage, pledge, or other disposition can be made thereof without such company's approval, except by the decree of a court having proper jurisdiction.

14. In determining the limitations herein prescribed the full penalty of a bond will be regarded as the liability, and no offset will be allowed on account of any estimate of risk which is less than the full penalty of the bond, except in the following cases:

(a) Appeal bonds; in which cases the liability will be regarded as the amount of the judgment appealed from, plus 10 per cent of said amount to cover interest and costs.

(b) Bonds of executors, administrators, trustees, guardians, and other fiduciaries; in which cases a certificate of the judge of the probate court, setting forth the measure of liability upon which he fixed the penalty of the bond, will be accepted by the department as evidence of the amount at risk when such certificate is filed with the supplement covering the bond. Credit will also be allowed for indemnifying agreements executed by sole heirs or beneficiaries of estates releasing the surety from liability: *Provided*, That a copy of such agreement shall, in each instance, be filed with the supplement covering such risk, together with satisfactory proof as to outstanding debts.

(c) Contract bonds given in excess of the amount of a contract; in which cases the amount of the contract will be regarded as the liability.

(d) Bonds for banks or trust companies as principals, conditioned to repay moneys on deposit, where, by any law or decree of a court, the amount to be deposited shall be less than the penalty of the bond; in which cases the maximum amount on deposit at any one time will be regarded as the liability.

Each company will be required to report quarterly to the Secretary of the Treasury, as provided by paragraph 15 hereof, every such obligation the penal sum of which is greater than 10 per cent of its paid-up capital and surplus, together with a full statement of the facts which tend to bring it within the provisions of this paragraph.

15. Every such company will be required to file with the Secretary of the Treasury, on or before the last day of January of each year, a statement of its financial condition at the close of the preceding year, upon the form provided by the Treasury Department. On or before the last day of April, July, and October of each year every such com-

pany will be required to file with the Secretary of the Treasury a statement of its financial condition at the close of the preceding three months, upon the forms provided by the Treasury Department.

An additional 30 days will be allowed for the audit of the annual statement and 15 days for the audit of the quarterly statements and for correspondence necessary to correct defects or to explain items suspended or disallowed. With each of said statements every such company will be required to file with the Secretary of the Treasury, upon the forms provided by the Treasury Department, a schedule of the single obligations which it has executed during the preceding three months in excess of the limitations herein prescribed, showing the manner in which each of such excesses has been covered under these instructions.

16. The amount of paid-up capital and surplus of every such company shall be determined by an audit of the annual and quarterly financial statements filed with the Secretary of the Treasury as herein provided, or by reports upon current examinations made by the insurance departments of the several States, or by such examination of the companies, at their own expense, as the Secretary of the Treasury may deem necessary.

The qualifying powers of the respective companies will be published promptly on the 1st day of March and the 15th days of May, August, and November of each year, and the ratings of companies which fail to file or to complete their statements within the time herein provided will be omitted. Pursuant to their request, the Secretary of the Treasury will keep the other executive departments advised from time to time as to the status and qualifying power of the various companies under these instructions.

17. In the event that it becomes necessary to waive the limitations herein prescribed on any recognition, stipulation, bond, or undertaking given to the United States, notice of such waiver and the manner in which the excess is required to be covered shall in each instance be immediately transmitted by letter to the head of each of the other executive departments.

18. Failure on the part of any company to comply with the provisions of these instructions will be considered sufficient ground for refusing further to accept such company as surety on obligations under this department during the continuance of such delinquency, and in the event of persistent failure to observe the provisions of these instructions the authority of such company will be revoked.

FRANKLIN MACVEAGH, *Secretary*.

I note that the chairman of the subcommittee states that certain information has been coming to the Committee on Appropriations every year; and evidently the information which has reached the gentleman, and possibly other members of the Appropriations Committee, is unquestionably at variance with the facts in the case, which suggests to me that the informant is not connected with the Treasury Department and can not be cognizant of the true character of the work now performed by the section of surety bonds.

Directing attention to the point of order raised by the gentleman from Texas [Mr. BLANTON] opposing the proposed amendment, the purpose of which was to provide for the clerical force eliminated by the proposed merger of the section of surety bonds with the Division of Appointments, I find that the acts of Congress to which I referred, viz, the acts of August 13, 1894 (23 Stat., pp. 279-280), as amended by the act of March 23, 1910 (36 Stat., p. 241), were acts prescribing the conditions under which bonding companies are permitted to qualify for the purpose of writing Government bonds.

These acts impose certain duties and responsibilities upon the Secretary of the Treasury, and one of these duties is to pass upon the financial condition and the continuing solvency of bonding companies doing business with the Government, so that all bond-approving officers of the Government when accepting corporate surety bonds may be satisfied that the bonding companies certified by the Treasury Department are acceptable, solvent, and financially able to keep and perform their contracts of suretyship as required by existing law.

I should have cited the act of Congress of July 16, 1914 (38 Stat., p. 468), providing for a separate and distinct organization, to be hereafter known as the section of surety bonds, by transferring certain employees then carried upon the statutory roll of the Division of Appointments of the Secretary's office to the newly established section of surety bonds.

The language used by Congress in creating the section of surety bonds is as follows:

Section of surety bonds: Chief of section, \$2,000 (in lieu of law and bond clerk transferred from Division of Appointments); clerks, two of class 1 (transferred from Division of Appointments); one at \$1,000 (transferred from Division of Appointments); one assistant messenger (transferred from office of Commissioner of Internal Revenue); in all, \$6,120.

A full discussion of the reasons which prompted Congress to recognize the wisdom of establishing a separate and distinct organization in the Treasury Department in dealing with these bonding companies in the interest of the whole Government will be found on page 6357 of the CONGRESSIONAL RECORD containing the proceedings of April 7, 1914.

In the discussion which arose as to the necessity for the creation of a separate and distinct organization it was clearly developed to the satisfaction of this House that the work of supervision over bonding companies doing business with the Government had no relationship whatsoever to the work then and now performed by the Division of Appointments of the Secretary's office of the Treasury Department.



In this discussion the gentleman from Illinois [Mr. MANN] moved an amendment, which was unanimously adopted, changing the name from section of surety bonds to division of surety bonds. When the bill, however, reached the Senate the word "section" was restored, and under that designation the work has been continued until the present time.

Congress in creating this new organization in the Secretary's office had before it the recommendation of one departmental committee, though other committees had made similar recommendations, advising that the work then performed by the Division of Appointments of the Secretary's office relating to the examination of bonding companies be separated and a new organization set up to take care of this important work, and accordingly this action was taken by the then Secretary of the Treasury—Hon. Franklin MacVeagh—and under a Republican administration.

Without intending to protract unduly my remarks, I have deemed it advisable to incorporate as a part of such remarks a copy of the report of the last committee which investigated this bonding work of the Government. (See Exhibit III.)

## EXHIBIT NO. III.

[Copy.]

OFFICE OF CHIEF CLERK AND SUPERINTENDENT,

June 19, 1911.

## The SECRETARY OF THE TREASURY.

SIR: The general departmental committee on economy and efficiency begs leave to invite your attention to the report of the committee on the Appointment Division. The first recommendation made in that report is as follows:

That the bond section be made a separate division of the Secretary's office, with the following organization:

1 chief of division	\$3,500
1 law clerk, who shall act as chief in the absence of the latter	2,500
1 clerk, class 4	1,800
1 clerk, class 2	1,400
1 stenographer and clerk, class 1	1,200
1 assistant messenger	720

Total ..... 11,120

The reasons assigned by the committee for this recommendation are that the work of the section is of sufficient importance to require the entire attention of a person of special ability, who has had special training to fit him therefore; that the work relating to bonds as performed in this section has little connection with appointments; the most important part of the work, it is stated, is that performed in relation to the examination and authorization of surety companies under the act of August 13, 1894, as amended by the act of March 23, 1910, which has no relation whatever to appointments or other changes in the personnel; that 91 per cent of the bonds given were for the performance of contracts wholly disconnected from appointments, 6 per cent of the bonds given were in pursuance of appointments made in other departments, and only 2½ per cent of the bonds given were pursuant to appointments made in this department; that the work is of such importance that the person in charge of it should report directly to the Secretary or an Assistant Secretary in charge. The committee cites instances which go to show the necessity for a more efficient organization of the bond section and closer supervision of surety companies. It is believed this can be better done if the employee in charge is under the direct supervision of the Secretary or an Assistant Secretary.

In this connection, attention is invited to your letter of April 26, 1910, addressed to the Speaker of the House of Representatives, in part as follows:

"The formation of a separate division is necessary and preferable to the conduct of the work as a branch of the Appointment Division. The work embraces the supervision of all the surety companies and the bonding business of all the executive departments except the Post Office, and is not confined to the Bonding Division of the Treasury Department or to bonds required pursuant to appointments made under this department. It is of a technical, legal, and financial character, and it is of the utmost importance that the officer in charge shall report directly to the Secretary or to an Assistant Secretary of the Treasury the result of his examination of the companies and other matters of a confidential character which such work necessarily involves."

The general committee believes the foregoing reasons to be well founded and of sufficient importance to justify the separation of the bonding section as now organized from the Appointment Division at this time. A new bond clerk is about to be installed, and it is believed that with the report of the committee to guide him, and under an efficient reorganization of the work of this section, it will be possible to attain a much higher standard of efficiency.

In view of the foregoing, we now have the honor to recommend that the bonding section be divorced from the Appointment Division and that it be placed in charge of Assistant Secretary Bailey.

Respectfully,

JAMES L. WILMETH,  
LAWRENCE O. MURRAY,  
CHAS. A. KRAM,  
CLAUDE GILBERT,  
Committee.

Approved.

R. O. BAILEY,  
Assistant Secretary.

Approved.

FRANKLIN MACVEAGH,  
Secretary.

ORDER.

JUNE 19, 1911.

It is hereby ordered that, on and after this date, the bond section in the Appointment Division shall be separated therefrom and placed under the Assistant Secretary in charge of public buildings and miscellaneous divisions. The administrative authority heretofore exercised

by the Appointment Division shall hereafter be vested in the clerk in charge of the bond section, under the immediate supervision of the said Assistant Secretary. The clerks and employees of the Appointment Division who are engaged in whole or in part in the work relating to bonds will be detailed to the bonding section. All desks, typewriters, and other equipment now in use in the bonding section will be made available for the use of the new bonding section established by this order.

Certain preliminary work now performed in the bond section relating to presidential appointments is hereby transferred to the Appointment Division, with direction that when a commission or letter of appointment has been signed, appointing an officer who is required to give bond, the same shall be transmitted to the bond section by the Appointment Division, all subsequent work relating thereto to be performed in the bond section.

FRANKLIN MACVEAGH, Secretary.

The committee takes occasion to refer to a special communication addressed to the then Speaker of the House of Representatives under date of April 26, 1910; and for the purpose of emphasizing the reasons why this work should not now be again attached to the Division of Appointments of the Secretary's office of the Treasury Department I quote in full the recommendation of the then Secretary as to why this important work should function as a separate and distinct organization:

The formation of a separate division is necessary, and preferable to the conduct of the work as a branch of the Appointment Division. The work embraces the supervision of all the surety companies and the bonding business of all the executive departments except the Post Office and is not confined to the Bonding Division of the Treasury Department or to bonds required pursuant to appointments made under this department. It is of a technical, legal, and financial character, and it is of the utmost importance that the officer in charge shall report directly to the Secretary or to an Assistant Secretary of the Treasury the result of his examination of the companies and other matters of a confidential character which such work necessarily involves.

These reasons are just as potent now as they were when made on April 26, 1910. In fact, they are more potent now than then for the reason that the number of bonding companies doing business with the Government has increased considerably, and I am advised that there are now 32 of these companies doing business with the Government, with the prospect of several more applying for such privilege in the near future.

I am satisfied, therefore, that if the chairman had been advised that the section of surety bonds was created by act of Congress and that it was not new legislation that the point of order made by the gentleman from Texas [Mr. BLANTON] would not have been sustained.

Another very important kind of work performed by the section of surety bonds of the Treasury Department in conjunction with the other departments, independent bureaus, and establishments of the Government relates to claims filed on behalf of the Government under its bonds with defunct and insolvent bonding companies.

Whenever a bonding company ceases to do business, either by reason of merger with another company, voluntary liquidation, or receivership proceedings due to insolvency, it becomes the duty of the Secretary of the Treasury to revoke the authority of such company and to notify all bond-approving officers of the Government everywhere of such revocation.

It also is the duty of the section of surety bonds to ascertain all actual, contingent, or prospective liability of such retiring bonding company under all Government bonds executed or insured by it while a going concern. In the case of an insolvent, defunct bonding company the additional duty devolves upon the Secretary of the Treasury of requiring all claims against such company to be put in proper shape for filing, due proof made thereof and the claims filed with the receiver or liquidator within the period of time allowed by the court for filing such claims.

This form of centralized supervision by the section of surety bonds over outgoing bonding companies has resulted in a saving of many thousands of dollars to the Government which otherwise might have been lost and probably would have been lost to the Government without this centralized form of supervision.

I am advised that these savings are largely in excess of \$100,000 and that the section of surety bonds is now engaged in rounding up throughout the entire Government service claims against the following defunct and insolvent bonding concerns:

1. Illinois Surety Co., Chicago, Ill.
2. New England Equitable Insurance Co., Boston, Mass.
3. Casualty Co. of America, New York City, N. Y.
4. Empire State Surety Co., Brooklyn, N. Y.
5. Equitable Surety Co., St. Louis, Mo.
6. United Surety Co., Baltimore, Md.

During the period of the official existence of the section of surety bonds, as a separate organization, I find that 22 bonding companies have either merged with other bonding companies, entered into voluntary liquidation of their business, or have passed into the hands of receivers or liquidators appointed by the court or by the insurance departments of the several States because of the admitted insolvency of such companies.



If the section of surety bonds is destroyed by failing to make adequate and due provision for the necessary clerical help to carry on this important work it will necessarily result in jeopardizing the Government's interests with respect to claims arising under the bonds of defunct and insolvent bonding companies.

The fact that this section of surety bonds has been directly responsible for saving more than \$100,000 to the Government is ample justification, in the absence of any further reason which might be offered, for continuing it and for strengthening rather than weakening its facilities in protecting the interests of the Government and the American people.

Mr. SABATH. Mr. Chairman, I desire to offer an amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. SABATH: Page 41, line 1, after the word "messenger," strike out all on lines 1 and 2 and insert "law and bond clerk, \$2,250; 2 clerks at \$1,200, \$2,400; 1 clerk, \$1,000; 1 assistant messenger, \$720; in all, \$43,080."

Mr. BLANTON. Mr. Chairman, I reserve a point of order.

Mr. SABATH. Mr. Chairman, I move to strike out the last word for the purpose of getting some information from the chairman of the committee. I notice that the committee has eliminated the former appropriation for the surety bond section. Can the gentleman give any reason for the elimination of that appropriation?

Mr. WOOD of Indiana. Yes. There seems to be a mistaken idea that the surety bond section had to do with passing on all of the bonds the Government takes for the purpose of securing itself against loss. The surety bond section had to do with a very small per cent of these bonds. In fact, the principal bonds that it had to do with were the disbursing officers' bonds in the Army and the Navy.

All contractors' bonds, all post-office bonds, all the other bonds amounting to millions as compared with the amount involved in the surety bond section are still passed upon and are under the supervision of the various auditors in these various departments. We came to the conclusion there was no necessity for the information that the chief of the surety bond section obtained from the very sources that passed upon them before and which will have to pass upon them now, so we concluded it was an unnecessary appendage and resulted in no good to the Government.

Mr. SABATH. Was there any evidence introduced before the committee showing the actual work that section has been performing, namely, in examining all the surety companies that have been permitted and are permitted to give bonds to the Government?

Mr. WOOD of Indiana. Yes; there is evidence in reference to it and also a table filed in the hearing.

Mr. SABATH. And also the evidence that they are compelling each and every surety company to show every three months a statement showing the standing and the amount of bonds written for the Government and also to others?

Mr. WOOD of Indiana. Yes; that statement, and that will continue to be done the same as it was before this was created. Every State in the Union, as far as I know, constantly requires the examination and certification of the liabilities and responsibilities of all these surety bond companies before they can do business in their respective States.

Mr. SABATH. But not as to the Government.

Mr. WOOD of Indiana. Yes; and the Government requires it, too.

Mr. SABATH. And this division had the jurisdiction to make the examination and investigation—

Mr. WOOD of Indiana. Every other department has the same jurisdiction—all the officers of the various departments.

Mr. SABATH. Over surety companies?

Mr. WOOD of Indiana. Yes.

Mr. SABATH. Is there any other department that issues this statement and returns on the part of the surety companies outside of this division?

Mr. WOOD of Indiana. The Post Office Department gets them and the various departments that have to do with the approval of their bonds. The Post Office Department carries them more fully than this department, I am informed.

Mr. SABATH. I do not think the gentleman has received the proper information. I happen to know something about that.

Mr. WOOD of Indiana. The information has been coming to us every year.

The Clerk read as follows:

Division of Public Monies (including the designation of Government depositaries): Chief of division, \$3,000; assistant chief of division, \$2,500; clerks—4 of class 4, 3 of class 3, 3 of class 2, 2 of class 1, 1 \$1,000; messenger; assistant messenger; in all, \$26,660.

Mr. BLANTON. Mr. Chairman, I make a point of order against the paragraph because of the following being legislation on an appropriation bill. I refer particularly to the part in parentheses:

Including the designation of Government depositaries.

Mr. WOOD of Indiana. I wish the gentleman would reserve the point of order.

Mr. BLANTON. If the gentleman desires to discuss it, I will reserve it.

Mr. WOOD of Indiana. I will state the action of the committee in doing this was for the purpose of reducing this expenditure from \$19,000 and some odd to \$8,400 and putting it back where it belongs.

Mr. BLANTON. If the Chair sustains the point of order, why the gentleman will not only save the \$19,000, but he will save this \$8,400 which he provides for in the bill.

Mr. WOOD of Indiana. Somebody will have to have charge of these depositaries, and the trouble is, if this goes out here, it will go in somewhere else and cost us three or four times as much.

Mr. BLANTON. Has not the gentleman confidence in the Secretary of the Treasury whom the President elect is going to have appointed after the 4th day of March?

Mr. WOOD of Indiana. I do not want those who come along with him to be even tempted.

Mr. BLANTON. I seem to have more confidence in him than the gentleman himself.

Mr. WOOD of Indiana. I will say to the gentleman that if he insists on his point of order in the interest of economy, for which he and I are standing on the same platform, he will make a mistake, it would be better to withdraw it and save us at least \$10,000 a year.

The CHAIRMAN. Does the gentleman from Texas make the point of order?

Mr. BLANTON. I make the point of order.

The CHAIRMAN. The Chair sustains the point of order.

The Clerk read as follows:

Commissioner of the public debt, \$6,000.

Mr. MANN of Illinois. Mr. Chairman, I reserve a point of order just to get information. How have we gotten along all these years without a commissioner of public debt? Is this to be a new office?

Mr. WOOD of Indiana. It was a new office created under the reorganization of the Treasury Department in November, 1919. And this commissioner of public debt was created for the purpose of having supervision of the public debt and the payment of interest upon our bonds, and has charge of the loans that we have made to foreign countries and all the machinery connected with that.

Mr. MANN of Illinois. Where is his office force provided for?

Mr. WOOD of Indiana. The fact of the business is they are included in the Division of Loans and Currency. This man is practically the head of that division.

Mr. MANN of Illinois. Oh, no; they have a Chief of the Division of Loans and Currency.

Mr. WOOD of Indiana. I understand they have. He had a lot of extra machinery that we knocked out.

Mr. MANN of Illinois. I think I will not insist on the point of order, but it is a novel thing to me in my brief experience in the House to see a high official created with nobody to do the work.

Mr. WOOD of Indiana. We make an appropriation under the expense of loans, amounting to \$7,250,000.

Mr. MANN of Illinois. I can very readily see if he has access to that fund he will have no trouble in maintaining the office force.

Mr. WOOD of Indiana. He is the gentleman.

Mr. MANN of Illinois. Is he now paid out of that fund?

Mr. WOOD of Indiana. He is now paid out of the lump-sum appropriation, I think—out of the expense of the loans.

Mr. MANN of Illinois. I know nothing about it, and hence I will not stand in the way of reform.

Mr. BLANTON. Mr. Chairman, I make the point of order if the gentleman withdraws his reservation that it is new legislation upon an appropriation bill.

The CHAIRMAN. The Chair sustains the point of order. The Clerk will read.

The Clerk read as follows:

Division of Loans and Currency: Chief of division, \$3,500; assistant chiefs of divisions—4 at \$2,700 each, 1 \$2,500; chief clerk, \$2,500; accountant, \$3,000; custodian of paper, \$2,250; custodian of vaults, \$2,000; 2 assistant custodians of vaults, at \$1,800 each; 6 section chiefs, at \$2,000 each; bond and interest clerk, \$2,000; clerks, bookkeepers, and accountants—12 at \$2,000 each, 22 of class 4, 25 of class 3, 2 at \$1,500 each, 80 of class 2, 100 of class 1, 21 at \$1,000 each,



12 at \$900 each; counter clerks—1 \$1,400, 20 at \$1,200 each, 30 at \$1,100 each, 38 at \$1,000 each, 32 at \$900 each, 2 at \$800 each, 5 at \$720 each; computing machine operator, 1 \$1,000; proofreaders—2 at \$1,200 each, 2 at \$1,100 each; superintendent of addressograph force, \$1,800; addressograph operators—1 \$1,000, 3 at \$1,400 each, 8 at \$1,200 each, 9 at \$1,100 each, 20 at \$1,000 each, 1 \$900; 5 sorters at \$1,000 each; 3 messengers; 5 assistant messengers; messenger boys—5 at \$480 each; 3 at \$420 each; skilled laborers—4 at \$1,200 each, 4 at \$1,000 each, 8 at \$900 each; 12 laborers; in all, \$637,250.

Mr. WOOD of Indiana. Mr. Chairman, I move to amend by striking out the word "a", at the end of the last line on page 41 and inserting the word "at." It is a typographical error.

The CHAIRMAN. Without objection, the amendment will be agreed to.

There was no objection.

Mr. DOWELL. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Iowa moves to strike out the last word.

Mr. DOWELL. I do so, Mr. Chairman, for the purpose of asking the chairman of the committee how much the committee reduced the clerical force of this division?

Mr. WOOD of Indiana. We reduced the appropriation, I think, some \$160,580.

Mr. DOWELL. And how many clerks were disposed of?

Mr. WOOD of Indiana. Well, the average pay of those clerks is about \$1,200.

Mr. DOWELL. Mr. Chairman, I withdraw the pro forma amendment.

The CHAIRMAN. The pro forma amendment is withdrawn. The Clerk will read.

The Clerk read as follows:

Expenses of loans: For all necessary expenses, including rent, connected with any operations under the first Liberty bond act, the second Liberty bond act (except section 12), the third Liberty bond act, the fourth Liberty bond act, the supplement to second Liberty bond act, and the Victory loan act, or connected with any operations in connection with other public-debt issues or United States paper currency issues, with which the Secretary is charged, to be expended as the Secretary of the Treasury may direct, \$7,250,000: *Provided*, That this appropriation shall not be available for the payment of personal services in the District of Columbia, except in the offices of the Secretary, the Commissioner of the Public Debt, the Register of the Treasury, the Division of Loans and Currency, and the Division of Public Debt Accounts and Audit: *Provided further*, That no person shall be employed hereunder at a rate of compensation exceeding \$1,800 per annum except the following: One at not exceeding \$3,500, 7 at not exceeding \$3,000 each, 12 at not exceeding \$2,500 each, 1 at not exceeding \$2,400, 2 at not exceeding \$2,250 each, 14 at not exceeding \$2,200 each, 24 at not exceeding \$2,000 each.

Mr. SNELL. I send an amendment up to the Clerk's desk.

The CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. SNELL: Page 42, line 18, strike out "\$7,250,000" and insert "\$2,000,000."

Mr. SNELL. Mr. Chairman, I offer the following amendment: On page 42, line 18, strike out "\$7,250,000" and insert "\$2,000,000."

Mr. Chairman, I have looked over the hearings on this matter and—

Mr. GARD. Mr. Chairman, I reserve a point of order on the language on page 42, line 20, beginning with the language, "the commissioner of the public debt." I make a point of order against that language before the gentleman from New York proceeds.

Mr. SNELL. I did not exactly understand the gentleman.

Mr. GARD. I make a point of order on the language "commissioner of the public debt" on lines 20 and 21.

The CHAIRMAN. The Chair sustains the point of order.

Mr. SNELL. That does not apply to the part of the section I made my amendment to.

Mr. Chairman, I have looked over the hearings very carefully on this matter, and have also considered the explanation made by the chairman of the committee, and especially the colloquy he had with the gentleman from Illinois [Mr. MANN], and I can not find any evidence that would make anybody believe that it is necessary to make this appropriation of \$7,250,000 at this time. The crux of the matter is shown on page 272 of the hearings, where the following appears:

Mr. WOOD. Have you any idea of the amount of money you might need of that amount?

Mr. BROUGHTON. We estimate \$628,319.56 for possible certificate issues. That is our estimated expenditures on such account for this year; and, of course, with a budget of three or four billion dollars, we will probably have to issue certificates if for no other reason to spread the tax payments.

There is also authority in the law for the issue of bonds and notes which have not yet been issued, and I do not know what circumstances might develop another year requiring them; I do not anticipate such issues; but so long as authority for issues stands the accompanying appropriation should be available.

Now, the only argument there is in the hearings in favor of this proposition is what that gentleman states right there—"the fact that there is authority for issuing notes," and to issue notes costs money. He says himself he does not expect it, but says if that contingency should arise we should appropriate this vast amount of money, to take care of it if it does happen. It seems to me there is plenty of time to take that into consideration and make any appropriation that may be necessary when the occasion arises, and not appropriate this lump sum of \$7,250,000 at this time, when there is no definite reason why we should appropriate it, only a possible contingency.

Now, take the explanation given by the chairman of the committee yesterday. He says:

Now, it becomes apparent that we of necessity must continue to issue these short-time notes until such time as the moneys derived from taxation will equal our governmental expenditures. And unless we reduce the cost of governmental expenditures that time seems to be far distant, and as long as this necessity continues there will be necessity for the expenditure of money in making these sales.

Now, if we cut off \$5,000,000 of such expenditures as this \$7,500,000, which it is absolutely certain we can do at this time and in no way affect governmental efficiency, it will not be necessary to issue any more of these certificates, as the chairman himself explains, to at least the extent of this \$5,000,000. Otherwise we are simply going right in a circle. We authorize an expenditure of \$5,000,000 and then issue more certificates to pay for this expense, when by refusing the first authorization we would save both, and it would not be necessary to have the expense of selling more bonds. Now is the time to cut such expenses down and not make this appropriation, and I appeal to the common sense of the House to do it.

Mr. MADDEN. Not \$5,000,000 for the issuance of certificates.

Mr. SNELL. In connection with it and possible sale of bonds.

Mr. MADDEN. It is \$7,000,000, and \$5,000,000 for a possible issue of bonds, is it not?

Mr. SNELL. Yes. According to the hearings it is specified that all that is actually needed for the issuance of certificates and expenses of war savings, expenses for foreign loans, and so forth, would be less than the \$2,000,000 that is carried in my amendment, so that my amendment of \$2,000,000 carries all that is necessary for actual necessary expenses. The other \$5,000,000 is merely for the proposition of the possibilities of issuing more loans that no one expects, and it does not seem to me, considering the condition of the Treasury, advisable at this time to authorize any such additional expenditures.

Mr. SNYDER. Mr. Chairman, will my colleague yield?

Mr. SNELL. Certainly.

Mr. SNYDER. If the gentleman's amendment carries there will be no necessity for issuing certificates for the \$5,000,000?

Mr. SNELL. No; there will be no necessity for issuing certificates for the \$5,000,000, and if we want to economize, here is the place to do it without in any way interfering with the efficiency of the Government service, and the man from the Treasury Department who advocated the expense admits it.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. MANN of Illinois. Mr. Chairman, I ask unanimous consent that the gentleman may have five minutes more.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent that the gentleman from New York [Mr. SNELL] may proceed for five minutes more. Is there objection?

Mr. MANN of Illinois. Mr. Chairman, will the gentleman yield?

Mr. SNELL. I yield to the gentleman from Illinois.

Mr. MANN of Illinois. I probably ought not to ask the gentleman the question that I would like to propound to him, but how is it possible to spend \$7,500,000 in expenses of loans of the Government? That is a good deal of money.

Mr. SNELL. I tried to find out, but there is not anything in the hearings or anything that has been brought before the committee that tells how or in any way justifies that expenditure at this time.

Mr. MANN of Illinois. I assumed that this would cover all other expenses when I read the bill.

Mr. WOOD of Indiana. I think the gentleman is laboring under a misapprehension. Nearly half of this item is paid to the Federal reserve banks in taking care of the \$60,000,000 of coupon bonds that are constantly being exchanged and transferred. That is part of the loans.

The gentleman will remember that when we passed the laws authorizing the Liberty loans, some of them carried one-tenth of 1 per cent to defray the expense, and others carried one-fifth of 1 per cent for the same purpose. That was not simply to defray the expense of selling the bonds. It was to defray the



expense of paying the coupons and taking care of the various transactions of these bonds during the period of their existence and as long as they were outstanding. Now, about half of this item of \$7,000,000 will be paid to the Federal reserve banks, which are acting as the fiscal agents of the United States to help the United States in this bonding business.

Mr. SNELL. If that statement is true, I am more opposed to it than ever. The Federal reserve banks are making more money than any other business or banks that I know of, some of them as high as 200 per cent. Furthermore, they are fiscal agents of the Government and are expected and intended to do this work without charge. It is a shame for them to charge for this work. You do not pay anything to the small country banks throughout the country that handle Government bonds.

Mr. WOOD of Indiana. Yes; you do.

Mr. SNELL. They do not get a cent for that, and I am more opposed than ever if you are going to tax the people to raise more money to distribute to the Federal reserve banks. They have all the money they need, they have every advantage there is in the financial world, and they have no right to come here and ask for more money at this time. I think to do this is an imposition on every country bank in the whole country, and especially when the Federal reserve banks will not allow them a single cent for doing this work or anything else that they can help.

Mr. WOOD of Indiana. I am not standing here as the champion of the Federal reserve banks, but I do not think the gentleman wants to put us in a position so we can not take care of these bonds as the coupons mature. If we do, we will have every holder of bonds in this country on our backs. It is absolutely essential that this work be done by somebody. It is just a question whether or not it will be done by the several Federal reserve banks, because in large measure they are holding these bonds, or whether we will make an additional clerical force in the Treasury Department here and force all that business here. That would be inconceivable almost, and it would be practically a physical impossibility to do it.

Mr. MANN of Illinois. Will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. MANN of Illinois. Is this charge made by the Federal reserve banks for the collection of interest coupons, collecting them and presenting them to the Treasury?

Mr. WOOD of Indiana. No; I understand the larger portion of it is made because of what seems to be the constant changing of these bonds. In the first place I have a registered bond, and I want to have it unregistered. That is done through the Federal reserve bank. Or I have an unregistered bond, and I want to have it registered.

Mr. MANN of Illinois. There is not very much of that going on. There is a good deal of this sort of thing going on, or will be very soon: The fourth Liberty bonds are now ready to be exchanged for the permanent bonds—

Mr. WOOD of Indiana. It takes care of all of that.

Mr. MANN of Illinois. I suppose it is done largely through the Federal reserve banks and through the country National and State banks.

Mr. SNELL. And those banks do not get a cent for it.

Mr. MANN of Illinois. I understand those banks do not get anything for it.

Mr. SNELL. Not a cent.

Mr. MANN of Illinois. If it is for the collection of the interest coupons, it would be interesting to find that out, because the Federal reserve banks insist that the country banks shall cash checks and issue checks without exchange, and I wondered if the Federal reserve bank itself is charging the Government of the United States exchange for the collection of interest coupons on these bonds.

Mr. WOOD of Indiana. The hearings disclose the fact that the United States Treasury, instead of maintaining its own fiscal agents in these banks for the purpose of transacting this business, has some arrangement by which the Federal reserve bank employs these agents and these clerks and a separate and distinct account is kept of their service; and in addition to that they claim that they do a whole lot of service gratis; and about one-half of this item, as I remember, goes to reimburse the Federal reserve banks for the service that they are rendering as the fiscal agents of the Treasury Department of the United States.

Mr. MANN of Illinois. I suppose every National bank and many State banks keep one or more and sometimes a number of employees—and have from the beginning of the war up to date—solely for the purpose of handling the business of the Government of the United States relating to bonds. If they can do that, the Federal reserve bank ought to do it.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SNELL. I ask unanimous consent to proceed for two minutes.

The CHAIRMAN. The gentleman from New York asks unanimous consent to proceed for two minutes. Is there objection?

There was no objection.

Mr. SNELL. As I understand it, the Federal reserve banks are Government agencies. That is partly what they were established for, and there is no reason for them to come before Congress at this time and ask for \$3,500,000 to help take care of the Government bonds, when as a matter of fact every little country bank, as the gentleman from Illinois [Mr. MANN] has said, has done this for years, year in and year out, for nothing, and they are still called on to do it for the Government, and never expect anything for it. The statement has been made on the floor of the House time and again how valuable the Federal reserve banks were and how much money they were making. As that stock belongs to all the people and the Government, it seems to me there is positively no excuse at this time for appropriating this three and a half million dollars on the possibility that it might be necessary to be paid to them for work they are under obligation to do for nothing, in return for the many advantages, and so forth, they receive from the Government.

Mr. WOOD of Indiana. Mr. Chairman, I think it might be well to call to the attention of the committee what was said in the hearings upon this subject. I read from page 279 of the hearings:

Mr. WOOD. Then the Government is asked to pay for their expenses for acting as fiscal agents \$3,500,000?

Mr. BROUGHTON. Yes. The estimates for the next year were \$4,097,600, but we have cut that to \$3,500,000.

Mr. WOOD. Let me have some idea what the Government is paying this \$3,500,000 for. What is it? What do they do as fiscal agents for the Government to cost the Government three and a half million dollars?

Mr. BROUGHTON. I have already explained that in large measure. The Secretary places with the banks all possible exchange transactions for the accommodation of the public and to eliminate congestion at the Treasury. Bond and note transactions are conducted for millions of holders. A holder who sells, exchanges, or converts his bond or note ordinarily goes to his own bank, and his bank goes to the Federal reserve bank. It is the system we have erected to make it possible to handle the enormous number of transactions.

Mr. WOOD. Is that a percentage on the money handled?

Mr. BROUGHTON. No; that is actual cost.

Mr. WOOD. Give us an example of what it costs the Federal reserve banks that they charge up to the Government. What kind of service is it?

Mr. BROUGHTON. For instance, in New York City you have ten \$100 bonds and want to exchange them for a \$1,000 bond. You go into the bank, and the exchange is made there.

Mr. WOOD. Yes.

Mr. BROUGHTON. They have been charged with the \$1,000 bond, and they now get credit for it when they send in the ten \$100 bonds. Or you have a coupon or bond which you want registered, and you take it to the bank in New York City, and they will send it on to Washington for you.

Mr. WOOD. And it is for that little detail that they charge this amount of money, \$3,500,000?

Mr. BROUGHTON. Yes; but these transactions run into hundreds of thousands. For example, the Federal reserve bank of New York to June 30, 1920, had received 17,549,866 separate bonds and notes for exchange of denominations and issued in lieu thereof 4,657,249 other bonds and notes, the face amount of the receipts and issues being \$2,437,553,250 in each instance. Other transactions are conversions of bonds and notes, interchanges as between coupon and registered issues, and exchanges of temporary for permanent bonds. A very great service is the receipt of transactions from the public and banks generally and their aggregation into cases of considerable size for submission to the Treasury, where such cases are handled as units, and each may represent several hundred separate items, which under a direct submission system would each be handled separately at the Treasury. It is the volume of business that makes it necessary to keep detail away from Washington.

Mr. MANN of Illinois. Mr. Chairman, the clearing house would do it the same way. I will give the gentleman an example. Last summer I desired to exchange some coupon bonds for registered bonds. They were in the hands of my bank in Chicago. That bank charged me nothing for doing it. They were transmitted to the Federal reserve bank and that bank charged for the exchange.

Mr. SNELL. That is what every little country bank all over the country does a thousand times during the year.

Mr. MANN of Illinois. I thought it would have been much fairer for me to pay the money to my own bank for doing something which was purely gratuitous than to pay the Government bank for doing something that was a Government function.

Mr. WOOD of Indiana. I would say to the gentleman that I had the same idea which the gentleman has, and that I pursued it a little further. I read from the hearings further, on page 280:

Mr. WOOD. But there must be some basis for it. What I am trying to get at is how much we pay the Federal reserve bank for this service. They do not have any clerks for this service?

Mr. BROUGHTON. They are not paid for the service, but merely reimbursed for actual expenses. They have hundreds of clerks employed on this work alone.



Mr. WOOD. They do business for the Government, and among other things they are employed as fiscal agents?

Mr. BROUGHTON. Yes, sir.

Mr. WOOD. The Federal reserve bank in New York City, in order to arrive at how much they will charge the Government, must have some basis for it?

Mr. BROUGHTON. Surely. The clerks in the line of employment engaged in this work. Many things are not reimbursed to them.

Mr. WOOD. Can you give us a list of the clerks employed in these Federal reserve banks, and the moneys paid them for and on behalf of the Government for doing the Government business?

Mr. BROUGHTON. I think I could.

And they furnished a very comprehensive list.

Mr. SNYDER. Mr. Chairman, I move to strike out the last two words. With regard to this large sum of money for handling of what I call the purely legitimate business of handling exchange of bonds and notes, brought about by transactions, starting with smaller banks throughout the country and finishing with the Federal reserve banks, it is nothing more than a multiplication of the same expense incurred in all of our banks throughout the country. It is a perfectly legitimate expense for the banks to stand, and the Federal reserve banks should stand it in the ordinary operation of their daily business.

It has grown up upon them since the war started. They wanted it. They have fixed it so that the country bank can make nothing on the handling of any Government obligation. Every gentleman here who is connected with banks knows if you have a loan to-day for a customer, secured by Liberty bonds, and you want to rediscount the note, you do it at a loss to your bank.

The Federal reserve bank makes money on everything it does. There is no reason in the world why it should not bear the full, legitimate expense of running the business of this bank. That is exactly what every single bank is doing throughout the United States.

The other large institutions in New York which handle the sale of bonds and the exchange of bonds for the United States Steel Corporation, as well as its stock, do not make a charge for that. If you sell stock or Liberty bonds, you are charged one-sixteenth of 1 per cent for the exchange. Some one gets that, but the little country bank gets nothing.

I may say modestly that I know something about the banking business, for I have had something to do with it for a good many years, and I make this final statement—that this charge run down to its final analysis, as the very efficient chairman of the committee has tried to run it down, simply will resolve itself into a normal charge that the Federal reserve banks should be compelled to stand, and it should come out of not the 100 per cent but the 210 per cent profit that the Federal reserve bank of New York City made last year.

Mr. WOOD of Indiana. Mr. Chairman, I will state to the committee that at first blush I had the same impression that gentlemen here have, and it seemed to me that this was one of the incidental duties that should be discharged by the Federal reserve banks, as a part of the duty they owe to the Government and the country, but this business is enormous. To give you some idea of the enormity of it, and which they say if it is not done by the Federal reserve banks will necessitate the forcing of all this business to Washington, where it will cost twice as much, I dare say, because this is the most expensive place to do anything in the world.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. WOOD of Indiana. Just let me give these figures—the amount estimated to be paid in 1922, and it is practically the same in 1921, at Boston is \$271,630; New York, \$870,550; Philadelphia, \$227,900; Cleveland, \$365,600; Richmond, \$98,000; Atlanta, \$78,700; Chicago, \$784,100.

Mr. MANN of Illinois. Well, I think we can get along without it.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. SNELL. I want to know if that is any larger in proportion than it is for a little bank of \$50,000 capital in my town, which has kept a clerk to do this for two years for nothing?

Mr. WOOD of Indiana. It may not be, but it is not a question of what we would like to have; it is a question of what exists.

Mr. SNELL. But the gentleman just spoke of the fact that it has run into large proportions.

Mr. WOOD of Indiana. It is not a theory with which we are confronted, it is a condition, and it is simply whether this work must be done. If it is not done by these Federal reserve banks it must be done here in Washington.

Mr. SNELL. They should not be paid for doing it any more than the small banks are paid for doing it.

Mr. WOOD of Indiana. The gentleman's theory may be correct, and I wish it were true.

Mr. SNELL. We can make it true by voting out this appropriation.

Mr. WOOD of Indiana. No, you can not; and you will find that this will be the result if you do. It is as much my desire, and I think I have worked as hard in trying to eliminate these useless appropriations as anyone.

Mr. SNELL. I appreciate the work the gentleman has done on this.

Mr. WOOD of Indiana. I do not think he does, or I do not think he appreciates the facts that actuated us in making this allowance. Under the law these gentlemen had \$27,000,000 that they might use for this purpose. In order that the Congress of the United States might have some check and control on it, we repealed the law and covered the money into the Treasury of the United States. By doing that we did not mean to hamper or discommode or disaccommodate the thousands and tens of thousands of bondholders throughout the United States, for they are the ones who are going to be made to suffer, and my prediction is that if you vote out this appropriation and make it no longer possible for these reserve banks to act as the fiscal agents of the Treasury Department of the United States, this whole business will be dumped into Washington, where it will take eventually more money with far more inconvenience, to the very great discomfort of the people of the United States.

Mr. DOWELL. Does the gentleman think it is impossible for these banks to conduct this business in view of the fact they made over 100 per cent last year; yes, 210 per cent?

Mr. WINGO. Mr. Chairman, I offer an amendment to the amendment so that the amount will be \$3,750,000.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. WINGO to the amendment offered by Mr. SNELL: Strike out "\$2,000,000" in the Snell amendment and insert in lieu thereof "\$3,750,000."

Mr. WINGO. Now, Mr. Chairman, my amendment does this: It simply takes from the item carried in the bill the \$3,500,000 that the discussion and the hearings disclosed go to the Federal reserve banks. Now, I appreciate the splendid work the gentleman from Indiana [Mr. Wood] has done by cutting down expenses in many ways, but he seems to be laboring under a misapprehension, and that is that the Federal reserve banks can refuse to do this work if we do not pay them for it. It is an outrage that they ever demanded any pay for acting as fiscal agents of the Government. Now, some of you gentlemen were here when we enacted the Federal reserve act. The question of franchise tax and the question of dividends of the Federal reserve banks gave the committee considerable trouble. I am one of those who insisted at the time that if the Federal reserve bank system was not held down so that it could not be a profit-making institution that you would have them putting out a greater volume of notes than was necessary. The banks were created, and some of the bankers, even members of the Federal Reserve Board, seemed to have overlooked the fact that they were created as cities of financial refuge, and not as everyday discount banks. Now, what did we do? We limited the dividends they might earn to 6 per cent—that is, the stockholding banks—and provided that in lieu of a franchise tax they should do what? First, render service to the Government as its fiscal agent whenever called upon; and, second, turn the surplus earnings into the Treasury, to be used in the retirement of the bonded indebtedness of the United States. Now, the Treasury has paid for this service in violation of the spirit of the Federal reserve act, because it is contrary to the spirit of the law to allow these Federal reserve banks to charge for acting as fiscal agents of the Federal Government.

Mr. MADDEN. Will the gentleman yield?

Mr. WINGO. With pleasure.

Mr. MADDEN. Now, they are taking the money that they have made in profits and investing it in great sky-scraping buildings so that they can make the rents out of these buildings.

Mr. WINGO. I do not care to be diverted to a discussion of that. At another time I shall discuss the conduct of these banks in detail. Gentlemen say if we do not make the appropriation for the banks the work will be done here in Washington by Treasury employees. No; it will not. You let any Federal reserve bank decline to act as the fiscal agent of the Government and you will see what will happen to the board of directors of that bank. I do not always agree with the Federal Reserve Board, but I think a majority on that board would act promptly if any Federal reserve bank insists on saying "No; we will not discharge one of the prime functions for which we were given one of the most valuable franchises which any corporation was ever given." It is a damnable outrage that the little banks in this country have to render free service and Federal reserve banks get paid for it.



If you gentlemen want economy you can not only have economy here, but you can do justice and take away from these banks pay for a service which they owe and for which they have obtained a valuable franchise. While you require the country banks to remit to these reserve banks and will not permit the country banks to demand even postage from the Federal reserve bank, here you propose to let this institution have for rent—go and read how they allocate. They say so much for rent, so much for salaries, so much for telegraph, so much for telephone. That is all tommyrot, they are making an arbitrary allocation on nearly every item but clerk hire. Each country bank in this Nation during the war had to keep at least one clerk—

The CHAIRMAN. The time of the gentleman has expired.

Mr. WINGO. May I have one minute more?

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. WINGO. These country banks had to keep at least one clerk, and every country bank of this Nation of any size at all has to give now even to this bond business the services of at least one man for half of his time. But you say this money comes back to the Treasury in surplus earnings. If that be true, and it is, then you are just taking money out of one pocket and putting it into another pocket. Why carry it and swell the volume of appropriations? It is not so much the money but principle involved. If they have the right to charge for acting as fiscal agent in one instance, and we concede it, you do not know but that some other kind of emergency may come and then they may say that "We have the right to charge, and the Government must pay us for the discharge of one of the prime functions for which we are created."

The CHAIRMAN. The time of the gentleman has again expired.

Mr. SNELL. Mr. Chairman, I accept the amendment to the amendment as offered by the gentleman from Arkansas [Mr. WINGO].

The CHAIRMAN. The question is on the amendment to the amendment offered by the gentleman from Arkansas [Mr. WINGO].

The question was taken, and the amendment was agreed to.

The CHAIRMAN. The question is now on the amendment offered by the gentleman from New York [Mr. SNELL] as amended.

The amendment as amended was agreed to.

Mr. VAILE. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Colorado offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. VAILE: Page 42, line 25, after the colon, strike out the balance of the paragraph and insert in lieu thereof the following:

"One at not exceeding \$6,000; 4 at not exceeding \$5,000; 5 at not exceeding \$4,500; 5 at not exceeding \$3,500; 10 at not exceeding \$3,000; 18 at not exceeding \$2,500; 5 at not exceeding \$2,400; 23 at not exceeding \$2,250; 26 at not exceeding \$2,000."

Mr. VAILE. Mr. Chairman and gentlemen of the committee, it seems to me that we make a mistake, having cut this appropriation so very materially, to limit the authority of the department in its right to employ, among those whom it does employ, expert help. The amount as reported by the chairman of the committee in this bill, \$7,250,000, was itself a very substantial decrease, I understand, from the estimate of the department. That amount is now cut in half. But we are not satisfied with that. They say that out of that amount if you want to employ two \$4,500 men you can not do it; you have got to employ instead three \$3,000 men. If you find two good men that you want to pay \$5,000, you can not employ them, but you can employ four at \$2,500. Making an appropriation which is not to be effective until the next administration comes in, cutting that appropriation to a third of the amount asked for—and I do not complain of that contribution to the cause of economy—we then say that the appropriation so cut shall be used to employ only low-salary men. Gentlemen, true economy does not always consist in getting only that which is the cheapest. Sometimes it is even better served by getting that which is of the best quality. In this instance, we certainly performed our promise of economy when we made this last cut. Now, we are merely tying our hands when we say that we can not, if we want to, employ expert help when we find it.

Now, the organization exists at the present time. It has been built up in the last three years. It deals with the interests of 20,000,000 people who hold the obligations of the Government in large and small amounts. The higher officials charged with this work and their legal and financial experts are not ordinary clerks. They are high-grade men. The new administration will undoubtedly want men of at least similar caliber. I do not

know how many of the present staff the new administration may want to retain. Doubtless they will want to retain some. In any event they will want men equally as good. It is highly probable that the new administration would not be able to retain all of the present force even at the present salaries, because some of the best of those men are leaving because rewards in private employment are higher than those they receive in the department. The whole proposition is analogous to saying, "Here is \$100 with which to buy clothes," and to my saying, "Instead of buying two \$50 suits I will buy 10 at \$10 each."

Mr. GARD. If the gentleman will yield, how much does his amendment increase this appropriation?

Mr. VAILE. It does not increase the appropriation at all, and does not come up nearly to the amount carried in the last act. The real number of employees under my amendment will be less. It provides for a few high-grade places, which I think we ought at least to have the privilege of using, if we want to do so. These positions are not under the civil service. Can we not trust our own administration, coming in after the 4th of March, with enough power to employ \$4,500 men or even a \$6,000 man if they find it desirable to do so in the interest of efficient management? I am willing to trust the next administration, and I think the committee should be.

Mr. WOOD of Indiana. I wish to say in opposition to this amendment, if it prevails, that in order to be consistent we would have to change these limitations on every lump-sum appropriation asked for.

Mr. VAILE. Will the gentleman yield?

Mr. WOOD of Indiana. Wait until I get through. Here has been one of the most damaging things, so far as the Government employees are concerned, that happened as a result of the war. Of necessity we had to make large lump-sum appropriations to take care of these new activities, and they immediately set out to create large salaries in order to entice, possibly, big men. But there are hundreds and hundreds of cases here where they took young men, striplings, if you please, many of them in this department, and elevated them from \$1,800 to \$5,000 and \$6,000 positions.

You can readily imagine what happened. These other clerks, who had been working here for years and years at fairly compensatory salaries, and knowing they were well worthy of an increase in their wage, and not getting it, and not being able to get it under the statutory provisions under which they are operating, began to complain, and are still complaining. And this attempt is for no other purpose—it does not increase the amount of the appropriation—than to fix a few high salaries for a few people. And I do not take very much stock in the proposition made by the gentleman from Colorado [Mr. VAILE] that because of the fact that we are soon to assume these places we ought to be feathering the nest of a lot of gentlemen to the exclusion of men who are far more entitled to these places and who have had long and consistent service in the employ of the United States.

Mr. VAILE. I would be very glad, indeed, to see some of the competent men retained, but they can not be retained at the salaries proposed in the bill.

Mr. WOOD of Indiana. They are staying here at the old salaries, which do not approach these salaries.

Mr. BLANTON. In order to get a new shift, I make the point of order there is no quorum present.

Mr. VAILE. I would like two minutes more.

Mr. BLANTON. Then I will withdraw the point.

Mr. VAILE. In this branch of the service now there are four men receiving \$6,000. My amendment provides for only one.

Mr. WOOD of Indiana. And he should not be receiving half of it.

Mr. VAILE. The gentleman was saying a minute ago it was unfair to suggest to a new administration the placing of men at living salaries and not retain those who are in now.

There are five salaries at \$4,500 and five at \$4,000. We might not want to retain all of these men; I think it is quite possible that we would not. But, so far as the inconsistency of my amendment with respect to the rest of this bill is concerned, I call attention to page 44, the next page, providing for the Bureau of War Risk Insurance:

Three at not exceeding \$7,500 each, 5 at not exceeding \$5,000 each, 16 at not exceeding \$4,500 each, 20 at not exceeding \$4,000 each, and 16 at not exceeding \$3,500 each.

And on page 63 of this bill, in the Internal Revenue Department, for expenses of assessing and collecting the internal-revenue taxes, I find this:

Including the employment of the necessary officers, attorneys, experts, agents, accountants, inspectors, deputy collectors—

And so forth, \$30,000,000, without any limitation as to salaries at all.



I submit that my amendment is in accord with other precedents to be found in this identical bill.

The CHAIRMAN. The time of the gentleman from Colorado has again expired. The question is on agreeing to the amendment offered by the gentleman from Colorado.

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. VAILE. A division, Mr. Chairman.

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 5, noes 31.

So the amendment was rejected.

Mr. BLANTON. Mr. Chairman, I renew the point of order that there is no quorum present.

The CHAIRMAN. The gentleman from Texas makes the point of order that there is no quorum present.

Mr. WOOD of Indiana. Mr. Chairman, I move that the committee do now rise.

The CHAIRMAN. The gentleman from Indiana moves that the committee do now rise. The question is on agreeing to that motion.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. LONGWORTH, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 15543) making appropriations for the legislative, executive, and judicial expenses of the Government for the fiscal year ending June 30, 1922, and for other purposes, had come to no resolution thereon.

#### SENATE BILL REFERRED.

Under clause 2 of Rule XXIV, Senate bill of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

S. 4603. An act extending the time for the commencement and completion of the bridge or bridges authorized by an act entitled "An act to authorize the Gulf Ports Terminal Railway Co., a corporation existing under the laws of the State of Florida, to construct a bridge over and across the headwaters of Mobile Bay and such navigable channels as are between the east side of the bay and Blakely Island, in Baldwin and Mobile Counties, Ala.," approved October 5, 1917; to the Committee on Interstate and Foreign Commerce.

#### ENROLLED JOINT RESOLUTION SIGNED.

The SPEAKER announced his signature to enrolled joint resolution of the following title:

S. J. Res. 237. Joint resolution to enable the Secretary of the Senate and the Clerk of the House of Representatives to pay the necessary expenses of the inaugural ceremonies of the President of the United States on March 4, 1921.

#### LEAVE OF ABSENCE.

Mr. GRIFFIN, by unanimous consent, was granted leave of absence for two days on account of illness in the family.

#### FEDERAL LAND BANK OF LOUISVILLE, KY.

Mr. BARKLEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by having printed a short statement showing the condition of the Federal Land Bank of Louisville, Ky.

The SPEAKER. The gentleman from Kentucky asks unanimous consent to extend his remarks for the purpose indicated. Is there objection?

There was no objection.

Following is the statement referred to:

Federal Land Bank of Louisville, Ky.—District No. 4: Tennessee, Kentucky, Indiana, Ohio—Officers and directors: Walter Howell, president; H. A. Sommers, vice president; James B. Davis, secretary; L. B. Clore, treasurer; A. P. Sandles—Paid up capital, \$1,934,430.

Condensed statement of condition at close of business December 31, 1920.

RESOURCES.	
Mortgage loans:	
Tennessee	\$7,303,500.00
Kentucky	5,484,500.00
Indiana	10,928,000.00
Ohio	2,784,100.00
Total mortgage loans	26,500,100.00
United States bonds (par value, \$150,000)	143,266.64
Federal farm loan bonds	56,700.00
Furniture and fixtures	13,300.00
Interest accrued (not due)	486,434.26
Other resources	634.26
Cash and due from banks	381,524.78
Total	27,581,959.94

#### LIABILITIES.

Capital stock:	
United States Government	\$608,425.00
Individuals	940.00
National farm loan associations	1,325,065.00
Total capital stock	1,934,430.00
Reserve and undivided profits	233,895.42
Federal farm loan bonds outstanding	24,750,000.00
Payments (principal) mortgage loans	362,305.37
Interest due on farm loan bonds	16,992.43
Reserve for interest on farm loan bonds (not due)	194,583.34
Amortization and interest payments made (not due)	88,324.31
Other liabilities	1,429.07
Total	27,581,959.94

#### The Federal Land Bank of Louisville—

Was organized March 19, 1917.

Has made loans to 8,865 farmers, aggregating \$27,753,200.

Has on its books at this time loans amounting to \$26,500,100.

Has a cash capital of \$1,934,430.

Has a reserve and undivided profits of \$233,895.42.

Has paid \$64,496.97 in dividends, and will pay on January 1, 1921, \$74,826.32, making a total of \$139,323.29 dividends paid.

Has issued \$24,750,000 in Federal farm loan bonds.

Has paid interest on farm loan bonds to investors amounting to \$2,066,005.85.

Has collected interest and amortization payments amounting to \$2,423,745.66.

Has no past-due interest or amortization payment.

Has not been forced to report in its monthly report to the Farm Loan Board, Washington, but one delinquent amortization payment in 24 months.

#### NEW YEAR'S WISH.

That we may have appropriate legislation by Congress giving to the farmers short-time credits, so that their produce may be marketed in an orderly manner, thereby stabilizing the prices of farm products.

That the Federal farm loan act may be held constitutional, giving to the farmers an opportunity to finance their long-time demands by first-mortgage loans at a reasonable rate of interest.

This will bring to the farmers, the great producing class of America, prosperity, and, through them, prosperity to the banker, the merchant, the manufacturer, and all other classes.

We believe this will go a long way toward readjusting economic conditions.

#### EXTENSION OF REMARKS.

Mr. ACKERMAN. Mr. Speaker, I ask unanimous consent to extend my remarks on this bill—my own remarks.

The SPEAKER. The gentleman from New Jersey asks unanimous consent to extend his remarks in the RECORD. Is there objection?

There was no objection.

Mr. VAILE. Mr. Speaker, I make the same request.

The SPEAKER. The gentleman from Colorado makes the same request. Is there objection?

There was no objection.

#### DISPENSING WITH CALENDAR WEDNESDAY BUSINESS TO-MORROW.

Mr. MONDELL. Mr. Speaker, I ask unanimous consent to dispense with Calendar Wednesday business to-morrow.

Mr. GARD. Reserving the right to object, Mr. Speaker, what committee has the call?

Mr. MONDELL. The Committee on Military Affairs. It is entirely agreeable to the committee, both the minority and the majority.

Mr. GARD. Has the gentleman consulted with the minority?

Mr. MONDELL. I have.

The SPEAKER. Is there objection to the gentleman's request?

There was no objection.

#### ADJOURNMENT.

Mr. WOOD of Indiana. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 4 minutes p. m.) the House adjourned until to-morrow, Wednesday, January 12, 1921, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

323. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, report on preliminary examination and survey of Willamette Slough, Oreg., with a view to removing old dikes and breakwaters now obstructing navigation; to the Committee on Rivers and Harbors.

324. A letter from the Secretary of the Treasury, transmitting copy of a communication from the Secretary of War, submitting a supplemental estimate of appropriation required by the various branches of the National Home for Disabled Volunteer Soldiers, fiscal year 1921 (H. Doc. No. 973); to the Committee on Appropriations, and ordered to be printed.



325. A letter from the Secretary of the Navy, transmitting a tentative draft of a bill to authorize the President to relieve certain officers and enlisted men from the disabilities which they have heretofore, or would hereafter suffer through the charge of desertion standing against them on their records, and for other purposes; to the Committee on Naval Affairs.

326. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, report on preliminary examination of Dauphin Island Bay, Ala., and channel connecting Dauphin Island Bay with the Main Ship Channel across Mobile Bar; to the Committee on Rivers and Harbors.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. JONES of Pennsylvania, from the Committee on Interstate and Foreign Commerce, to which was referred the joint resolution (S. J. Res. 186) to extend the authority of the county of Luzerne, State of Pennsylvania, to construct a bridge across the North Branch of the Susquehanna River from the city of Wilkes-Barre, county of Luzerne, Pa., to the borough of Dorancton, county of Luzerne, Pa., reported the same with amendments, accompanied by a report (No. 1181), which said bill and report were referred to the House Calendar.

Mr. PARKER, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (H. R. 14739) to amend section 6 of an act entitled "An act extending certain privileges of canal employees to other officials on the Canal Zone and authorizing the President to make rules and regulations affecting health, sanitation, quarantine, taxation, public roads, self-propelled vehicles, and police powers on the Canal Zone, and for other purposes, including provision as to certain fees, money orders, and interest deposits," approved August 21, 1916, reported the same without amendment, accompanied by a report (No. 1182), which said bill and report were referred to the House Calendar.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, private bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the Committee of the Whole House, as follows:

Mr. FULLER, from the Committee on Invalid Pensions, to which was referred sundry bills of the House, reported in lieu thereof the bill (H. R. 15661) granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war, accompanied by a report (No. 1183), which said bill and report were referred to the Private Calendar.

He also, from the same committee, to which was referred the bill (H. R. 15546) to repeal certain portions of an act entitled "An act granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war," approved June 5, 1920, reported the same without amendment, accompanied by a report (No. 1180), which said bill and report were referred to the Private Calendar.

#### CHANGE OF REFERENCE.

Under clause 2 Rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 15381) granting an increase of pension to Maston W. Harris, and the same referred to the Committee on Pensions.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. JOHNSON of Washington: A bill (H. R. 15658) to increase the tariff duties on cherries, to provide additional revenue, and for other purposes; to the Committee on Ways and Means.

By Mr. CLARK of Missouri: A bill (H. R. 15659) to provide additional terminal facilities in square east of 710 and square 712 for freight traffic; to the Committee on the District of Columbia.

By Mr. HAYDEN: A bill (H. R. 15660) to provide for additional hospital and out-patient dispensary facilities for

patients of the Bureau of War Risk Insurance, of the Federal Board for Vocational Education, Division of Rehabilitation, and other persons entitled by law to treatment by the Public Health Service; to the Committee on Public Buildings and Grounds.

By Mr. FULLER: A bill (H. R. 15661) granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war; committed to the Committee of the Whole House and ordered printed.

By Mr. NOLAN: A bill (H. R. 15662) to extend temporarily the time for filing applications for letters patent, for taking actions in the United States Patent Office with respect thereto, for the reviving and reinstatement of applications for letters patent, and for other purposes; to the Committee on Patents.

By Mr. SNYDER: A bill (H. R. 15663) to reorganize the Indian Service, to expedite the settlement of Indian affairs, and for other purposes; to the Committee on Indian Affairs.

By Mr. KAHN: A bill (H. R. 15664) to authorize the Secretary of War to furnish to the National Museum certain articles of the arms, material, equipment, or clothing heretofore issued or produced for the United States Army, and to dispose of colors, standards, and guidons of demobilized organizations of the United States Army, and for other purposes; to the Committee on Military Affairs.

By Mr. WHITE of Maine: A bill (H. R. 15665) to amend section 6 of the act of Congress entitled "An act for the protection and regulation of the fisheries of Alaska," approved June 26, 1906; to the Committee on the Merchant Marine and Fisheries.

By Mr. TAYLOR of Colorado: A bill (H. R. 15666) to add certain lands to the Uncompahgre National Forest, in the State of Colorado; to the Committee on the Public Lands.

By Mr. LANGLEY: Resolution (H. Res. 639) for the immediate consideration of H. R. 14315; to the Committee on Rules.

By Mr. HILL: Resolution (H. Res. 640) providing for inquiry as to means for better safeguarding official records and files of the United States of America within the District of Columbia; to the Committee on Public Buildings and Grounds.

By Mr. WARD: Joint resolution (H. J. Res. 444) authorizing the President to require the United States Sugar Equalization Board to take over and dispose of 13,902 tons of sugar imported from the Argentine Republic; to the Committee on Agriculture.

By Mr. LANGLEY: Joint resolution (H. J. Res. 445) authorizing the Public Buildings Commission created by the act of Congress approved March 1, 1919, to inquire into the feasibility of providing a site and erecting thereon a suitable official apartment house and hotel building for the accommodation of the Vice President and Members of the Senate and House of Representatives and their immediate families, and to submit a report thereon to Congress, with recommendations, at the earliest practicable date; to the Committee on Public Buildings and Grounds.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ASHBROOK: A bill (H. R. 15667) granting a pension to Minnie May Andrews; to the Committee on Invalid Pensions.

By Mr. DARROW: A bill (H. R. 15668) for the relief of Cornelius Dugan; to the Committee on Naval Affairs.

By Mr. FOCHT: A bill (H. R. 15669) granting a pension to Loretta Burket; to the Committee on Invalid Pensions.

By Mr. GARD: A bill (H. R. 15670) granting a pension to William M. Golden; to the Committee on Pensions.

By Mr. GOLDFOGLE: A bill (H. R. 15671) for the relief of the heirs of Capt. Jonas P. Levy; to the Committee on Claims.

By Mr. HASTINGS: A bill (H. R. 15672) granting a deed of quitclaim and release to J. L. Holmes of certain land in the town of Whitefield, Okla.; to the Committee on Indian Affairs.

By Mr. JOHNSTON of New York: A bill (H. R. 15673) granting an increase of pension to William Conlon; to the Committee on Invalid Pensions.

By Mr. KELLY of Pennsylvania: A bill (H. R. 15674) granting a pension to John Dale; to the Committee on Pensions.

By Mr. MacGREGOR: A bill (H. R. 15675) granting a pension to Lena A. Belcher; to the Committee on Invalid Pensions.

By Mr. MAGEE: A bill (H. R. 15676) for the relief of the estate of Joseph Matthews; to the Committee on Claims.

By Mr. MERRITT: A bill (H. R. 15677) for the relief of George Rutherford; to the Committee on Military Affairs.



By Mr. ROWE: A bill (H. R. 15678) for the relief of Oliver A. Campbell; to the Committee on Military Affairs.

By Mr. SELLS: A bill (H. R. 15679) granting a pension to Mary E. Constable; to the Committee on Pensions.

By Mr. SLEMP: A bill (H. R. 15680) authorizing the President to appoint George Gibson Harman to the position and rank of first lieutenant, Quartermaster Corps, in the United States Army; to the Committee on Military Affairs.

By Mr. TEMPLE: A bill (H. R. 15681) granting an increase of pension to Ulysses Grant Kirker; to the Committee on Invalid Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4907. By Mr. DALLINGER: Petition of Boston Lodge No. 264, of the International Association of Machinists, favoring free and unrestricted commercial exchange and traveling conditions and privileges with the Russian soviet government; to the Committee on Foreign Affairs.

4908. By Mr. DARROW: Petition of instructors of the Schaeffer-Wister School, of Germantown, Philadelphia, favoring the Smith-Towner bill; to the Committee on Education.

4909. By Mr. DYER: Petition of the Chamber of Commerce, Kansas City, Mo., protesting against the Kenyon-Anderson bill; to the Committee on Interstate and Foreign Commerce.

4910. Also, petition of the St. Louis Chamber of Commerce, protesting against the passage of the metric-standards bill; to the Committee on Coinage, Weights, and Measures.

4911. Also, petition of J. O. Stephens, John G. Benda, Mrs. J. O. Stephens, V. Budrovick, R. M. Saylor, and J. J. Hogen, all of St. Louis, Mo., favoring the passage of the Smith-Towner educational bill; to the Committee on Education.

4912. Also, petition of Rev. C. Vogelmann, Rev. Fr. Fintan, Rev. A. A. Riss, and Rev. F. Horee, protesting against the occupation of Germany by French colonial troops; to the Committee on Foreign Affairs.

4913. Also, petition of women voters of Washington, Krakaw, and Cuba, Mo., protesting against the Sheppard-Towner bill; to the Committee on Interstate and Foreign Commerce.

4914. Also, petition of Candy Bros. Manufacturing Co., St. Louis, Mo., protesting against the proposed 10 per cent tax on candy; to the Committee on Ways and Means.

4915. Also, petition of the Chamber of Commerce, Kansas City, Mo., supporting the Nolan Patent Office force and salaries bill; to the Committee on Patents.

4916. Also, petition of the Chamber of Commerce of Kansas City, Mo., favoring the Poindexter antistrike bill (S. 4204) and its counterpart in the House; to the Committee on Interstate and Foreign Commerce.

4917. Also, petition of the Chamber of Commerce of Kansas City, Mo., supporting the French-Capper truth in fabric bill; to the Committee on Interstate and Foreign Commerce.

4918. By Mr. HAYS: Petition of the Chamber of Commerce of Cape Girardeau, Mo., urging Congress at its next session to provide maintenance of the South Pass and the earliest possible completion of the Southwest Pass; to the Committee on Rivers and Harbors.

4919. By Mr. JOHNSTON of New York: Petition of the American Legion of New York County, N. Y., protesting against the Sunday blue laws; to the Committee on Interstate and Foreign Commerce.

4920. By Mr. LEHLBACH: Petition of sundry citizens of Newark, N. J., protesting against the occupation of Germany by French colonial troops; to the Committee on Foreign Affairs.

4921. By Mr. MACGREGOR: Petition of sundry citizens of Buffalo, N. Y., protesting against the use of French colonial troops in the occupied territories of Germany; to the Committee on Foreign Affairs.

4922. By Mr. O'CONNELL: Petition of the Gerseta Corporation, 461 Fourth Avenue, New York, urging a revision of the United States income tax laws; to the Committee on Ways and Means.

4923. By Mr. JOHN W. RAINEY: Petition of the Chicago Distrikts-Verband, protesting against the use of barbarous or semibarbarous troops in the occupied territories of Germany; to the Committee on Foreign Affairs.

4924. Also, 700 petitions presented by Gus Scheel, of Chicago, Ill., protesting against the use of the French colonial troops in occupied Germany; to the Committee on Foreign Affairs.

4925. By Mr. TAGUE: Petition of the E. B. Horn Co., Boston, Mass., protesting against an increased tax on jewelry; to the Committee on Ways and Means.

#### SENATE.

WEDNESDAY, January 12, 1921.

(Legislative day of Monday, January 10, 1921.)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

EDWIN S. JOHNSON, a Senator from the State of South Dakota, appeared in his seat to-day.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Borah	Harrison	McNary	Smith, S. C.
Brandeggee	Hefflin	Moses	Smoot
Calder	Henderson	Nelson	Stanley
Capper	Johnson, Calif.	New	Sterling
Culberson	Johnson, S. Dak.	Nugent	Sutherland
Curtis	Jones, N. Mex.	Overman	Swanson
Dial	Jones, Wash.	Page	Trammell
Dillingham	Kellogg	Phipps	Underwood
Edge	Kenyon	Pittman	Wadsworth
Fernald	Keyes	Poindexter	Walsh, Mass.
France	King	Ransdell	Walsh, Mont.
Gay	Knox	Robinson	Warren
Glass	La Follette	Sheppard	Williams
Gronna	Lenroot	Sherman	Wolcott
Hale	McCumber	Smith, Ariz.	
Harris	McKellar	Smith, Md.	

Mr. HARRISON. I was requested to announce the absence of the Senator from Oregon [Mr. CHAMBERLAIN] and the Senator from Missouri [Mr. REED] on account of illness.

I was also requested to announce the absence of the Senator from Kentucky [Mr. BECKHAM] and the Senator from California [Mr. PHELAN] on official business.

The VICE PRESIDENT. Sixty-two Senators have answered to the roll call. There is a quorum present.

#### CREDENTIALS.

The VICE PRESIDENT laid before the Senate a certificate of the governor of Missouri certifying to the election of SELDEN P. SPENCER as a Senator from that State for the term of six years beginning March 4, 1921, which was read and ordered to be filed, as follows:

THE STATE OF MISSOURI,  
Executive Department.

To the PRESIDENT OF THE SENATE OF THE UNITED STATES:

This is to certify that on the 2d day of November, 1920, SELDEN P. SPENCER was duly chosen by the qualified electors of the State of Missouri a Senator from said State to represent said State in the Senate of the United States for the term of six years, beginning on the 4th day of March, 1921.

In testimony whereof I hereunto set my hand and cause to be affixed the great seal of the State of Missouri. Done at the city of Jefferson this 5th day of January, A. D. 1921.

[SEAL.]

FREDERICK D. GARDNER,  
Governor.

By the governor:

JOHN L. SULLIVAN,  
Secretary of State.

#### RESIGNATION OF CHAPLAIN.

The VICE PRESIDENT laid before the Senate a letter from the Chaplain of the Senate, which was read, as follows:

WASHINGTON, D. C., January 11, 1921.

HON. THOMAS R. MARSHALL,  
President of the Senate.

MY DEAR MR. PRESIDENT: As my ministerial duties are taking me out of the city of Washington, I desire to resign the office of Chaplain of the United States Senate, to take effect at the will of the Senate.

May I express through you my appreciation of all the courtesies extended to me by the Senators during the time I have served as Chaplain, and to assure each of them of my sincere desire for his success in the great work committed to the Senate.

Respectfully,

F. J. PRETTYMAN.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by D. K. Hempstead, its enrolling clerk, announced that the House had passed the joint resolution (S. J. Res. 244) providing for the payment of expenses of conveying votes of electors for President and Vice President.

#### ENROLLED JOINT RESOLUTION SIGNED.

The message also announced that the Speaker of the House had signed the enrolled joint resolution (S. J. Res. 237) to enable the Secretary of the Senate and the Clerk of the House of Representatives to pay the necessary expenses of the inaugural ceremonies of the President of the United States on March 4, 1921, and it was thereupon signed by the Vice President.

#### PETITIONS.

Mr. WARREN presented a resolution adopted by the Rawlins Range Association, of Rawlins, Wyo., favoring the emergency tariff bill, which was referred to the Committee on Finance.